

CITY OF TORRANCE

2ND QUARTER (MID-YEAR) BUDGET REVIEW



2012-13

Agenda

AGENDA

FINANCE AND GOVERNMENTAL OPERATIONS COMMITTEE

Date: Tuesday, April 9, 2013
Time: 5:00 PM
Place: Council Chambers
Committee Members: Councilman Bill Sutherland, Chair
Councilman Cliff Numark, Member
Councilwoman Susan Rhilinger, Member
Subject: 2012-13 Second Quarter Budget Review

OPENING REMARKS	Chair, Bill Sutherland
INTRODUCTION	Mary K. Giordano Assistant City Manager
2 nd QUARTER PRESENTATION	Eric E. Tsao Finance Director
PROGRAM MODIFICATIONS	Eric E. Tsao Finance Director
INVESTMENT STATUS	Dana Cortez City Treasurer
QUESTIONS & DISCUSSION	Committee/Audience
SUMMARY	Mary K. Giordano
CLOSING REMARKS	Chair, Bill Sutherland

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Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

Subject: Mid Year 2012-13 Budget Review

RECOMMENDATION

The City Manager and the Finance Director recommend that the following items be approved by the Finance and Governmental Operations Committee and recommended to City Council for action:

- Accept the Mid Year 2012-13 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the program modifications for the City Manager's Office, the Finance Department, the General Services Department and the Police Department

EXECUTIVE SUMMARY

The General Fund expenditures for all departments is 56.4%, with 58.9% of the fiscal year expired from July 1, 2012 through January 31, 2013, which is compared to prior year expenditure trends of 55.6% and 56.7% in the prior two fiscal years. All non-safety departments and the Police Department (General Fund) are well within budget. As of January 31, 2013, the Fire Department is slightly over budget in salary and benefits but is projected to be within budget at year-end. Revenues collected through January 31, 2013 are \$78.3 million, compared to \$78.0 million and \$76.1 million in the prior two years. Revenues received as a percent of budget through January 31, 2013 total 46.7 % compared to year over year actual of 48.8 % and 47.2% in the prior two years. City revenues are projected to be below budget by \$3.3 to \$3.8 million at fiscal year end. Staff is projecting that actual expenses will be below budget by \$3.5 to \$4.0 million for fiscal year end which will cover the current fiscal year's revenue shortfall. The projected revenue short-fall on the high end is within 2.3% of the annual budget compared to 3.7% last year. The current fiscal year budget remains balanced.

A Snapshot of Torrance

Population: 146,115
Area: 21 Square Miles
1,313 Full-time Employees
6 Fire Stations
1 Police Station &
1 Police Community Center
224.5 Sworn Police Employees
145 Sworn Fire Employees
6 Public Libraries
47,000 Street Trees
550 Miles of Sidewalks
46 Parks & Recreation Amenities

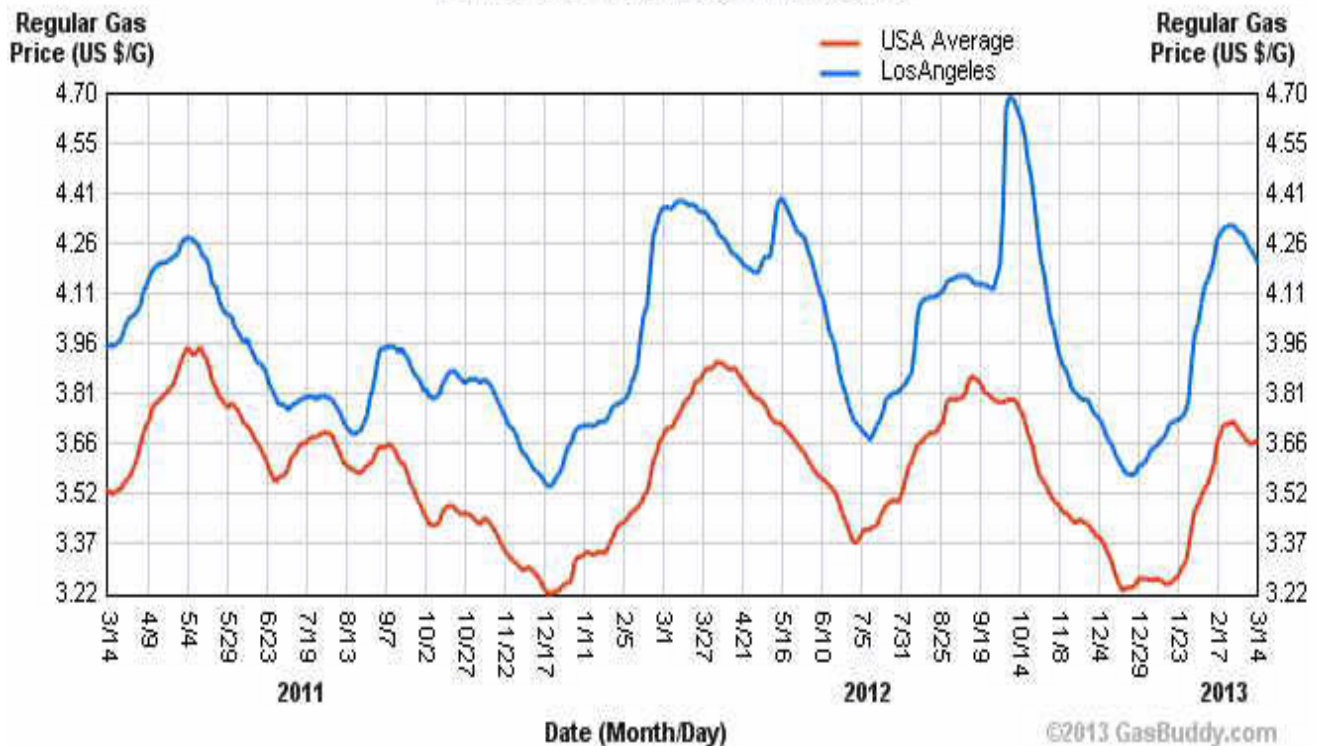
Economic Outlook

The Gross Domestic Product (GDP) for the United States for the year is 2.2%. The 4th quarter (Oct - Dec) increased at an annual rate of 0.4% over the third quarter. The economy is continuing to recover. As the recovery continues, revenue streams to the City continue to improve. The budgetary outlook for the City remains somewhat optimistic.

There are many economic indicators that are positive: growth in retail sales, increases in hotel room bookings, rebound in the stock markets to a historic all-time high, increase in home prices as well as a reduction in inventory, increase in business inventories, and improvements in the job market and unemployment rate. World events and uncertainty (debt concerns, federal sequester, international events, flow of oil, higher fuels prices, etc.,) continue to slow any momentum of economic growth.

Over the last two years, the average cost of retail regular unleaded fuel at the pumps for Californians rose from \$3.96 a gallon to \$4.24 a gallon. As seen in the chart below, retail gas prices have had many fluctuations over the last two years that ultimately resulted in a steady increase. In recent months, prices have increased from a low of \$3.60 in December to \$4.24 in March. Los Angeles County continues to reflect higher prices than the U.S. national average.

24 Month Average Retail Price Chart



As consumers use more of their discretionary income for fuel, less is available for consumer spending. The consumer spending confidence remains surprisingly strong hovering around 69.7 (as seen below) in spite of rising fuel cost.



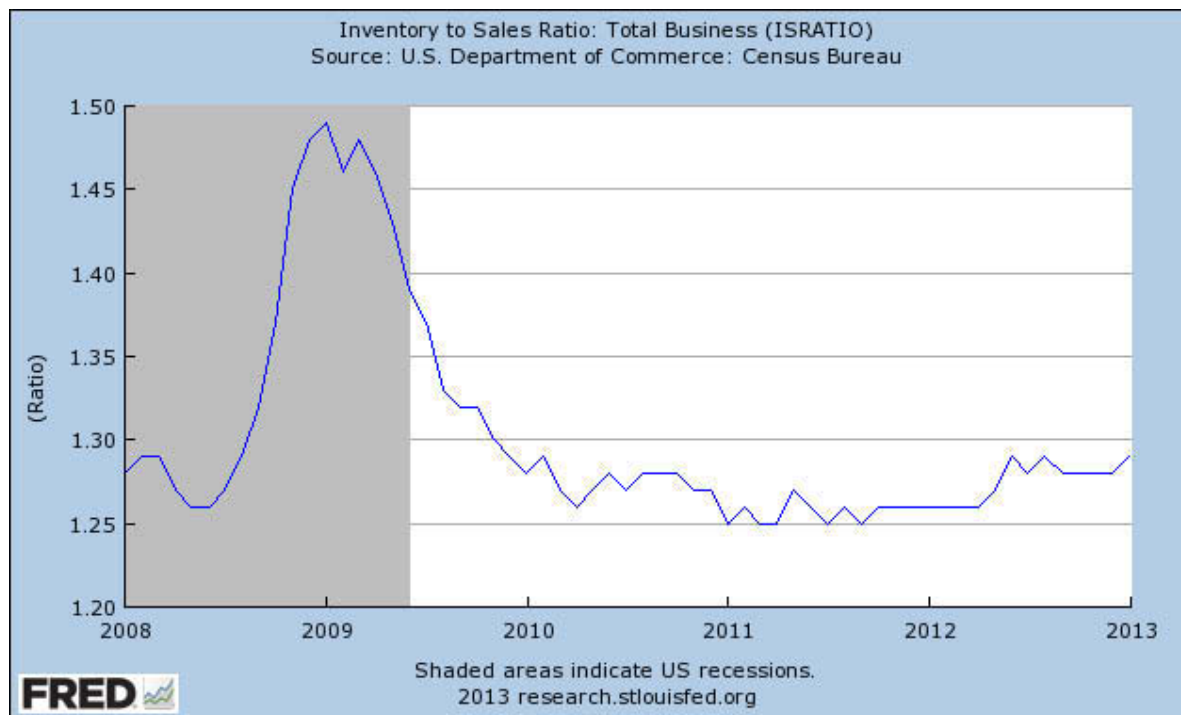
SOURCE: WWW.TRADINGECONOMICS.COM | THE CONFERENCE BOARD

The Dow Jones Industrial Average is trading above 14,500. This is a level that has not been reached since October 2007. This is a favorable sign, since the Dow was at 6,547 in March of 2009, and there are indicators that suggest that it may reach a high of 15,000 which would be the highest level in history.



Business inventories at January 2013 are holding at 1.27 inventories to sales ratio, which is slightly higher than the 1.25 one year ago. From an economist perspective, a downward trend reflects that

sales are outpacing production to replenish inventories, generally indicating a more healthy economy. Because companies will increase production by adding work hours to the existing work force or hire additional workers to maintain inventory levels. During the recession inventory levels rose quickly and peaked at ratio 1.48.



The unemployment rate, although improving, continues to be a drag on the economy. The unemployment rate is a lagging economic indicator and it remains a major concern.

Unemployment, or under employment, directly affects consumer spending, which makes up 2/3rds of the economy.

The Federal and State unemployment rates are improving; the January 2013 rates were 7.9% and 9.8%, respectively, compared to 8.3% and 10.9% in January 2012. The unemployment rate for Torrance is currently at 5.4%, which is down 0.6% from January 2012 and is well below the National, State, and County of Los Angeles averages as well as some of our neighboring cities. The unemployment rate

can be deceiving since it only measures those actively seeking employment. The drop in the unemployment rate could be attributable to those job seekers who are underemployed or have simply stopped looking. Conversely, unemployment numbers can spike as those who were unemployed and discontinued seeking employment begin to believe the economy is improving and again start seeking employment. Looking forward, the local unemployment numbers for February are:

January Unemployment Rate	2013	2012
Federal Gov	7.9%	8.3%
State of California	9.8	10.9
Los Angeles County	10.4	11.8
Carson	11.0	12.2
Gardena	10.2	11.3
Glendale	9.5	10.5
Hawthorne	14.2	15.6
Inglewood	13.6	15.0
Santa Monica	9.0	10.0
Torrance	5.4	6.0

Agency	Labor Force	Employment	Unemployed	Unemployment Rate
Los Angeles County	4,925,100	4,418,400	506,700	10.3%
Carson	46,300	41,500	4,800	10.4%
Gardena	29,700	26,800	2,900	9.6%
Glendale	105,000	95,600	9,400	9.0%
Hawthorne	42,600	36,900	5,700	13.4%
Inglewood	54,500	47,500	7,000	12.9%
Santa Monica	57,600	52,700	4,900	8.5%
Torrance	80,000	76,000	4,100	5.1%

As mentioned above, overall General Fund revenues are projected to be short of budget by approximately \$3.3 to \$3.7 million. The shortfall in revenues is primarily caused by two major revenue sources: Utility Users' Tax, and Investment Earnings. As reported in the first quarter and still continuing through January 2013, Utility Users' Tax revenues are down, caused by cell phone users replacing their mode of communication with text messages and other internet/data connections which is not subject to the City's Utility Users' Tax. The traditional land line services continue to decline. Electricity use in the City has declined as industrial, business, and residents cut back on power consumption and Natural gas primarily in refineries has declined due to lower production levels, less usage and lower prices compared to industry average.

Lastly, investment earnings continue to be challenged as interest rates hover around near zero yields.

Sales tax revenues generate approximately \$41 million annually and are the General Fund's second largest revenue source behind property taxes.

Sales tax receipts lag by about one quarter or about three months. In December, the City received final sales tax receipts for the July – September quarter, and

Retail Sales Top 5 Sales Tax Producers by Economic Segment (by 000's)				
Description	Year End 09/30/12	Year End 09/30/11	Variance	%
Auto Sales New	\$ 6,708	\$ 5,680	\$ 1,028	18.1 %
Department Stores	\$ 4,335	\$ 4,335	\$ -	0.0 %
Restaurants	\$ 3,768	\$ 3,542	\$ 226	6.3 %
Misc Retail	\$ 2,993	\$ 2,978	\$ 15	2.2%
Service Stations	\$ 2,542	\$ 2,376	\$ 166	7.0 %

in March the City received final sales tax receipts for the holiday season (October – December).

Actual sales tax receipts received through January 2013 are higher than last year. Along with the increase in consumer spending as well as the additional businesses entering the Torrance market, at this time, staff is projecting sales tax revenues to be approximately \$800,000 better than budget estimates.

Occupancy tax revenues received to date is approximately \$370,000 or 9% higher than last fiscal year and right in line with budget estimates. As consumer confidence increases, more discretionary spending occurs, which includes consumer spending on travel.

Overall, revenues for the General Fund are showing signs of improvement, with the exceptions just mentioned. Expenditures for the General Fund are well within budget.

Program Modifications:

There are several program modifications that the City Manager is requesting that the Committee approve:

- (1) City Manager's Office - Consider the following options:
 - a. Investment Advisory Committee continue its annual duties, as well as periodic review of City's Investment Policy
 - b. Assign the functions of the Investment Advisory Committee to the City Council Finance and Governmental Operations Committee and utilize the services of an independent Investment Advisor to assist the Committee
 - c. Retain the current Investment Advisory Committee roles and responsibilities with the City Attorney, the City Manager, the Finance Director and the City Treasurer and utilize the services of an independent Investment Advisor to assist the Committee

- (2) City Manager's Office and Police Department - Approve funding and create a Facilities Equipment and Automation Project (FEAP) to complete the Alternate Emergency Operation Center (AEOC) located at the General Aviation Center (GAC). Project estimate \$398,900 with a 5% contingency for a total of \$418,845
- (3) Finance Department - Approve an appropriation of \$300,000 from the Reserve for Self-Insurance Fund to fund the rising cost of life-time medical care in the claims for over four years category
- (4) General Services Department - Approve the reallocation of personnel within the Fleet Division of the General services Department- Funding Not applicable;
 - a. Delete 1.0 Senior Welder position
 - b. Add 1.0 Senior Mechanic
- (5) Police Department - Approve addition of one Police Officer position to replace an officer assigned to the L.A. IMPACT task force and appropriate \$202,200 of asset forfeiture funds to pay for the new officer's salary and benefits for one year
- (6) Police Department - Appropriate \$150,000 of asset forfeiture funds for the purchase of a Bearcat armored vehicle
- (7) Police Department - Increase the asset forfeiture Miscellaneous Projects account limit from \$40,000 to \$75,000 and appropriate and allocate \$55,339.41 of asset forfeiture funds to the Miscellaneous Projects account (FEAP 383) to replenish the account.

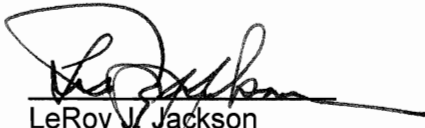
Overall, the City's operating budget remains balanced. There are positive signs in the economy as it continues to grow albeit at a slower than expected pace. At fiscal year-end, revenues are projected to be slightly below budget but will be offset by savings from departments' budgets, salaries and materials. In May, the City Manager will present the City's 2013-15 proposed operating budget. Included in the budget will be scenarios addressing the concerns mentioned above. The 1st budget workshop/public hearing is scheduled for May 14 and the 2nd budget workshop/public hearing is scheduled for May 21.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:



LeRoy W. Jackson
City Manager

2012-13 BUDGET ANALYSIS
January 31, 2013
GENERAL FUND REVENUE STATUS
(Schedule A)

The General Fund fiscal year 2012-13 budget estimate for revenues is \$167,670,269, of which \$78,259,690, or 46.7%, was received through January 31, 2013, compared to \$78,013,522 or 47.1% of the prior year budget, and 48.8% of the prior year end actual. The financial statements below present budgeted revenues on both an annual and seasonal basis. The annual budget represents the entire amount expected to be received by year end. The seasonal budget renders an additional perspective as it informs the reader monthly of the anticipated amount expected to be received each month based on prior year trends. As of January 31, 2013, actual revenues received are \$246,000 greater than that which was received last year for the same time period. Revenue as a percent of annual budget is slightly better than last year (46.7% vs. 47.1%) by approximately 0.4%.

There are many General Fund revenues that are not realized until after December such as business license tax, franchise fees, triple flip monies from the State, etc. Timing issues and other factors resulted in budget variances that are discussed in more detail in the revenue categories listed below.

The following schedules present the City's key revenue sources with comments as to their realization potential and a projection of under or over-realization compared to budget by fiscal year end.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Tax Revenues:							
Property Taxes	\$ 30,059,158	\$15,239,479	\$ 15,559,870	51.8%	102.1%	\$ 14,898,043	52.3%
VLF Swap & Repayment	11,426,000	5,713,000	5,628,608	49.3%	98.5%	5,600,945	50.0%
Real Prop. Transfer Tax	600,000	306,000	320,529	53.4%	104.7%	230,587	49.1%
Sales and Use Taxes	31,192,560	11,977,943	12,710,031	40.7%	106.1%	12,312,839	40.8%
Sales Tax Flip	9,983,740	4,991,869	5,045,271	50.5%	101.1%	4,660,882	50.0%
PSAF ½ Sales Tax	1,442,000	562,380	563,272	39.1%	100.2%	647,846	45.4%
Utility Users Tax	34,807,000	17,508,914	15,609,642	44.8%	89.2%	16,369,529	52.1%
Business License Tax	8,656,650	2,751,631	3,936,358	45.5%	143.1%	4,649,330	55.2%
Franchise Tax	5,400,000	936,000	679,845	12.6%	72.6%	794,182	12.9%
Occupancy Tax	8,272,800	3,990,060	4,120,863	49.8%	103.3%	3,749,307	47.5%
Construction Tax	800,000	316,000	436,523	54.6%	138.1%	322,389	31.7%
Other Taxes	<u>10,000</u>	<u>3,900</u>	<u>1,793</u>	<u>17.9%</u>	<u>46.0%</u>	<u>6,648</u>	<u>60.9%</u>
Totals	\$142,649,908	\$64,297,176	\$64,612,605	45.3%	100.5%	\$64,242,527	47.2%

Property Tax: As of January 31, 2013, actual property tax received totaled \$15,559,870 or 51.8% of the annual budget compared to \$14,898,043 or 52.3% last year. Actual property taxes received through January 31, 2013 is 4.4% better than last year. The seasonal budget is always projected at 100%. Any amount received over or below the seasonal percentage would result in a variance. Property tax revenues are primarily received in December and April of each year. As mentioned, actual revenues received are slightly above last year's collection rate but still slightly below budget expectations. There are signs in the local economy that reflect positive changes in median home prices in the South-bay area. As of January, this revenue source is expected to exceed budget projections by approximately \$400,000.

Also included in this section of the budget is the vehicle license fee revenue source, with an annual budget of \$11.4 million, and the sales tax "triple flip" revenue source, with an annual budget of \$10.0 million. Both of these revenue sources are received from the County of Los Angeles in January and May of each year. The annual combined amounts for this revenue source are expected to be slightly under budget by \$70,000.

Sales Tax: Sales Tax is the City's second largest revenue source in the General Fund, inclusive of the sales tax "flip". Sales tax revenues are derived from multiple sources.

The following segment information is being provided as a tool to assist Council in understanding the source of the City's sales tax revenues.

**Sales Tax by Economic Segment
July 2012 – September 2012**

Category	Percentage
Auto Sales - New	18.40 %
Department Stores	11.90 %
Restaurants	10.30 %
Miscellaneous Retail	8.20 %
Service Stations	7.00 %
Apparel Stores	6.10 %
Leasing	5.00 %
Furniture/Appliance	4.30 %
Bldg. Materials - Retail	3.80 %
Auto Parts/Repair	3.60 %
Light Industry	3.20 %
All Others	18.20 %
TOTAL	100.00%

Top 5 Sales Tax Producers by Economic Segment				
Description	Y.E. 09/30/12	Y.E. 09/30/11	Variance	%
Auto Sales New	\$ 6,708,416	\$ 5,680,074	\$ 1,028,342	18.10%
Department Stores	\$ 4,335,443	\$ 4,335,374	\$ 69	0.00%
Restaurants	\$ 3,767,631	\$ 3,542,974	\$ 224,657	6.34%
Misc Retail	\$ 2,993,016	\$ 2,977,985	\$ 15,031	.50%
Service Stations	\$ 2,541,601	\$ 2,375,879	\$ 165,722	6.98%

The 2012-13 seasonal sales tax budget for the first seven months is \$11,977,943, with actual revenues received for the same period totaling \$12,710,031 compared to \$12,312,839 last year. Approximately 106.1% of the seasonal budget has been received. As mentioned above, seasonal budget receipts should be 100%. Any variance over or above this level raises concerns. Specifically, the large volume items such as automobile sales are highly sensitive to the California economy, which is currently reflecting an increase in sales activity compared to last year. Other retail areas that are closely being monitored are department store sales (i.e. Target, etc.), the mall's activity and restaurants.

The annual budget for sales tax revenues is \$31.2 million of which 40.7% has been received compared to 40.8% last fiscal year which is comparative to last year. This revenue source is highly sensitive to the economy, so much so that it will be monitored daily. At present, the revenue source is expected to be above budget projections by approximately \$800,000.

Utility Users' Tax: Utility Users' Tax (UUT) is the City's second largest revenue source in the General Fund. UUT is a tax applied on consumption of utilities such as gas, electric, water, etc. Due to the volatility of the use of the various utilities, the Finance Department has included a more detailed perspective of this revenue source to better inform the readers of this report.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Utility Users' Tax:							
Electricity	\$ 15,343,000	\$8,455,103	\$7,336,098	47.8%	86.8%	\$7,535,940	55.2%
Gas:							
Refineries	3,532,000	1,518,760	1,078,887	30.5%	71.0%	1,664,249	58.6%
Other	2,766,000	1,221,973	967,495	35.0%	79.2%	1,171,877	44.5%
Water	3,030,000	1,271,268	1,375,855	45.4%	108.2%	1,211,823	45.8%
Cable	1,564,000	752,729	740,158	47.3%	98.3%	737,770	49.5%
Telecom/Cellular	8,572,000	4,289,081	4,111,149	48.0%	95.9%	4,047,870	49.6%
Totals	\$ 34,807,000	\$17,508,914	\$15,609,642	44.8%	89.2%	\$16,369,529	52.1%

The fiscal year 2012-13 annual budget estimate of \$34,807,000 is 2.2% lower than the 2011-12 budget. On January 31, 2013, actual receipts totaled \$15,609,642 or 89.2% of the seasonal budget, compared to \$16,369,529 during the same period last year. Utility Users' Tax revenue is comprised of multiple component elements such as water, electricity, gas, etc. The individual component elements are highly sensitive to consumer utility user habits, which fluctuate throughout the year and, as such, the component items vary from their respective budget levels. This year, UUT receipts have fluctuated (primarily UUT on electricity and cellular phones) and have been below budget estimates throughout the year. This revenue source is projected to be below budget by approximately \$3.9 million.

Business License Tax: The January 31, 2013 seasonal budget estimate is \$2,751,631. Actual revenues received through January 31, 2013 totaled \$3,936,358 or 143.1%, compared to \$4,649,330 last year. A new software system was implemented in January of 2013 for the Business License division. The Business License division was the first phase in the implementation process for the new One Stop Center system. It should be noted that this revenue source's annual renewal are billed in mid-December, due on January 1, and delinquent on February 1. Therefore, the remaining receipts are realized in the third quarter. The annual budget for the Business License Tax is \$8.7 million and it is projected that the budget will be realized.

Franchise Payments: The majority of all franchise payments are received in the fourth quarter. The franchise annual budget is \$5.4 million. Staff is monitoring this category closely and is projecting the annual franchise revenues to meet or be slightly below budget projections.

Occupancy Tax: As of January 31, 2013, \$4,120,863 in actual revenues has been received, or 103.3% of the seasonal budget estimate, compared to \$3,749,307 in the prior year. At this time, actual revenues for the year are expected to meet or be slightly above budget projections by approximately \$200,000.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Licenses and Permits:	\$ 2,015,300	\$ 1,023,155	\$ 1,180,623	58.6%	115.4%	\$1,026,779	49.7%

Licenses and Permits: The fiscal year 2012-13 annual budget estimate of \$2,015,300 represents a 5.0% decrease from last year's budget. As of January 31, 2013, \$1,180,623 has been received compared to \$1,026,779 last year. This revenue source is expected to reach budget estimates.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Revenues from Other Agencies:							
State Motor Vehicle Licenses	\$ -	\$ -	\$ 76,748	0.0%	0.0%	\$ 74,069	100.0%
Other Revenues from Agencies	370,000	187,500	172,186	46.5%	91.8%	177,543	52.5%
	<u>\$ 370,000</u>	<u>\$ 187,500</u>	<u>\$ 248,934</u>	<u>67.3%</u>	<u>132.8%</u>	<u>\$ 251,612</u>	<u>61.1%</u>

Motor Vehicle-In-Lieu: The January 31, 2013 annual and seasonal budget is zero, with total actual revenues of \$76,748 received in September as the final payment for fiscal year 2011-12 received late in fiscal year 2012-13. In fiscal year 2012-13, this revenue source was eliminated by the State through budgetary actions.

Other Revenues from Agencies: This revenue consists of subventions from the State for the homeowners' property tax exemption, budgeted at \$250,000, and Other State Revenue is budgeted at \$120,000. At present, projected revenues are expected to be realized.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Fines and Forfeitures:	\$ 1,330,000	\$ 652,670	\$ 606,873	45.6%	93.0%	\$ 721,069	58.8%

Fines and Forfeitures: This revenue source is an estimate of general court, traffic fines, and parking citation income the City will receive. As of January 1, 2013, \$606,873 has been received compared to \$721,069 last year. At present, projected revenues are expected to be slightly under budget projections.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Use of Money and Property:							
Investment Earnings	\$ 1,400,000	\$ 764,335	\$ 515,236	36.8%	67.4%	\$ 702,241	53.3%
Other	1,425,400	825,630	811,675	56.9%	98.3%	782,159	57.6%
	<u>\$ 2,825,400</u>	<u>\$ 1,589,965</u>	<u>\$ 1,326,911</u>	<u>47.0%</u>	<u>83.5%</u>	<u>\$ 1,484,400</u>	<u>55.5%</u>

Investment Earnings: The actual receipt rate through the first seven months of fiscal year 2012-13 is 36.8%. The annual budget for this group of accounts is \$2.8 million. It is projected the investment earnings to be under budget by \$400,000 due to lower cash balances and low interest rates, staff is monitoring this revenue source closely to determine the shortfall for fiscal year 2012-13. The other category are made mostly up of rental income for various properties located in the City, this revenue source is expected to meet budget.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Charges for Current Services:							
Construction/ Engineering & Other Charges for Svcs	\$ 5,148,201	\$ 1,884,961	\$ 2,482,466	48.2%	131.7%	\$ 1,681,765	40.9%

Other Charges: This category summarizes construction-related fees, engineering fees, library fines, fire fees, etc. Actual revenues as of January 31, 2013 are at 131.7% of the seasonal budget. At present, projected revenues are expected to be achieved.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Other Revenues:	\$ 13,331,460	\$ 8,050,456	\$ 7,801,278	58.5%	96.9%	\$8,605,370	64.9%

Other Revenues: This category represents miscellaneous revenues to the City, including operating transfers not categorized into specific revenue types. As of January 31, 2013, the annual budget of \$13.3 million is expected to be realized.

	Annual Budget	Seasonal Budget 2012-13	Actual 01/31/2013	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2011-12	% of Year-end Actual 2011-12
Total General Fund Revenues:	\$ 167,670,269	\$ 77,685,883	\$ 78,259,690	46.7%	100.7%	\$ 78,013,522	48.8%

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EXPENDITURE OVERVIEW

All General Fund departments are within their overall budget as of January 31, 2013 with the exception of the Fire Department. Currently, their expenses exceed budget primarily due to salaries and in particular constant staffing but they project to be within budget at year-end.

The General Fund, Enterprise and Internal Service Fund Financial Statement Summary (revenues and expenditures budget to actual) as of January 31, 2013 compared to last fiscal year 2011-12 are shown below.

GENERAL FUND EXPENDITURES

The General Fund budget expenditure level, including prior year encumbrances for the fiscal year is \$169,727,181 of which \$95,673,268 has been expended as of January 31, 2013. Expenditures are 56.4% of budget estimate at January 31, 2013, compared to 55.9% and 56.7% in the prior two years. The category of expenditure levels are as follows:

	Fiscal Year <u>2012-13</u>	Fiscal Year <u>2011-12</u>	Fiscal Year <u>2010-11</u>
Salaries and Benefits	58.3%	58.1%	58.3%
Materials, Supplies, Services	50.8%	49.8%	52.3%

General Fund expenditures by department are presented in Schedules B-B2 of the 2nd Quarter 2012-13 tab.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one City department to other departments of the City and to other governmental units on a cost-reimbursement basis. The City currently has two Internal Service Funds: Self-Insurance and Fleet Services. The Self-Insurance Fund is used to finance and account for the City's risk management, liability claims and self-insurance programs. The Fleet Services Fund is used to finance and account for the City's vehicular equipment. The following summary compares January 31, 2013 results to budget estimates. Financial statements for each Internal Service Fund are presented in Schedules D through E-2.

SELF INSURANCE FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$2,441,746	\$1,420,419	58.2%	59.7%
Expenses	(4,686,195)	(2,970,957)	63.4%	63.2%
Operating income (loss)	(2,244,449)	(1,550,538)		
Operating transfers in	1,363,500	803,102	58.9%	58.7%
Operating transfers out	(14,558)	(13,802)	94.8%	65.2%
Net income (loss)	<u>\$ (895,507)</u>	<u>\$ (761,238)</u>		

Actual revenues are within budget as of January 31, 2013 and comparable to last year. Expenses are higher than budget primarily due to workers compensation claims. The cost for claims over four years has increased over several years due to the cost of life-time medical care associated with these claims, such as medical expenses for medications, tests, surgeries and procedures. A program modification will be presented to the Finance Committee requesting to increase the budget this year to cover workers' compensation claims through year-end.

The transfers out is higher than last year due to a transfer made to Fleet Services to replace a vehicle that was totaled in an accident. The Self Insurance Fund received subsidy from the General Fund of \$803,102 which is reflected in the operating transfers in.

FLEET SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$5,573,916	\$3,410,182	61.2%	64.2%
Expenses	(5,835,616)	(2,996,805)	51.4%	51.9%
Operating income (loss)	(261,700)	413,377		
Interest Income	258,000	153,105	59.3%	55.1%
Gain (loss) from Sale of Fixed Assets	76,032	27,493	36.2%	0.0%
Income (Loss) Before Transfers	72,332	593,975		
Operating transfers in	493,320	311,945	63.2%	67.1%
Operating transfers out	(18,078)	(12,483)	69.1%	71.6%
Vehicle Acquisitions	(5,499,570)	(1,646,069)	29.9%	18.3%
Add: Depreciation	2,195,568	903,779	41.2%	42.8%
Change in cash available after vehicle acq/depreciation	<u>\$ (2,756,428)</u>	<u>\$ 151,147</u>		

Fleet Services operating revenues and expenses are within budget as of January 31, 2013. The proceeds from sale of fixed assets in the amount of \$27,493 was received in the second quarter of this fiscal year, unlike last year where the proceeds came in the third quarter.

Vehicle acquisitions are at 29.9% of budget but there are outstanding encumbrances for vehicle acquisitions of \$2,077,295 as of January 31, 2013.

ENTERPRISE FUNDS

Enterprise Funds are used to account for fee-supported businesses operated by the City. Net earnings of these funds provide working capital for maintenance and betterment of the equipment and fixed assets of the business. The following summary compares January 31, 2013 results to budget estimates. Financial statements such as the Balance Sheet, Statement of Revenues and Expenses and Cash Flow Statement for each Enterprise Fund are presented in Schedules F through M-4.

AIRPORT FUND

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Airport Fund				
Revenues	\$11,750,100	\$6,519,844	55.5%	54.3%
Expenses	(5,513,336)	(3,043,889)	55.2%	55.0%
Operating income (loss)	6,236,764	3,475,955		
Interest Income	85,000	61,599	72.5%	75.7%
Interest Expense	(77,000)	(45,353)	58.9%	58.7%
Operating transfers out	(7,229,950)	(4,642,838)	64.2%	61.9%
From Fund Balance	985,186	580,274	58.9%	58.9%
Net income (loss)	<u>\$ -</u>	<u>\$ (570,363)</u>		

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Airport Fund-Aeronautical				
Revenues	\$4,172,100	\$2,393,465	57.4%	58.3%
Expenses	(3,601,984)	(1,949,075)	54.1%	53.7%
Operating income (loss)	570,116	444,390		
Interest Expense	(77,000)	(45,353)	58.9%	58.7%
Operating transfers out	(943,862)	(940,338)	99.6%	99.3%
From Fund Balance	450,746	265,489	58.9%	58.9%
Net income (loss)	<u>\$ -</u>	<u>\$ (275,812)</u>		

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Airport Fund-Non Aeronautical				
Revenues	\$7,578,000	\$4,126,379	54.5%	52.2%
Expenses	(1,911,352)	(1,094,814)	57.3%	57.2%
Operating income (loss)	5,666,648	3,031,565		
Interest Income	85,000	61,599	72.5%	75.7%
Operating transfers out	(6,286,088)	(3,702,500)	58.9%	58.7%
From Fund Balance	534,440	314,785	58.9%	58.7%
Net income (loss)	<u>\$ -</u>	<u>\$ (294,551)</u>		

The aeronautical sub-fund reflects airfield operations. Revenues and expenses are within budget and are comparable to last fiscal year. Operating transfers out account includes a transfer to fund the Airport Pavement Maintenance capital project (I126) in the amount of \$927,470.

The non-aeronautical sub-fund reflects the leasing of commercial property outside of the airfield boundary. The revenues are 54.5% of annual budget due to timing of second quarter gross receipts in the amount of \$196,199 which were posted in February.

The expenses of non-aeronautical are within budget as of the January 31, 2013. Interest income received is higher than budget. An increase in interest income budget will be proposed for next fiscal year to be more in line with actual income. Operating transfers out represent transfers to the General Fund and to various replacement funds.

TRANSIT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$24,379,813	\$11,198,717	45.9%	48.9%
Expenses	(27,870,292)	(13,786,382)	49.5%	52.7%
Income (loss)	(3,490,479)	(2,587,665)		
Operating transfers in	1,201,978	707,965	58.9%	69.4%
Operating transfers out	(35,471)	(28,457)	80.2%	82.2%
Add: Depreciation	3,331,089	1,432,475	43.0%	55.2%
Net income (loss) before capital acq Federal Grant & Local	1,007,117	(475,682)		
Match-Capital	5,188,599	5,188,599	100.0%	100.0%
Less: Capital Acq.	(5,188,599)	(5,188,599)	100.0%	100.0%
Net income (loss)	<u>\$ 1,007,117</u>	<u>\$ (475,682)</u>		

Transit revenues for the current year are lower than budget due to timing of receipts of revenues. Revenue such as capital maintenance, which is budgeted at \$2,250,000, will be received towards the end of the fiscal year. The Transportation Development Act (TDA) revenues in the amount of \$411,018 and State Transit Assistance of \$342,328 were received in the third quarter.

Expenses are within budget as of January 31, 2013. Capital acquisitions include the purchase of nine buses and radio equipment.

Operating transfers out represents transfers to the Data, Radio and PC Replacement Funds.

WATER FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$35,067,000	\$19,131,411	54.6%	55.5%
Expenses	(33,823,734)	(18,692,476)	55.3%	54.7%
Operating income (loss)	1,243,266	438,935		
Interest Income	120,000	89,455	74.5%	106.9%
Interest Expense	(46,800)	(11,586)	24.8%	21.7%
Operating transfers out	(616,096)	(611,438)	99.2%	98.5%
Net income (loss)	<u>\$ 700,370</u>	<u>\$ (94,634)</u>		

Revenues are lower than budget as of January 31, 2013 due to the timing of water receipt revenues. Water billing to commercial are monthly and residential is every two months. The budget was adjusted this year to include the Consumer Price Index and increase in water pass thru. It is projected that this fund will meet revenue budget at year-end.

Expenses are within budget as of January 31, 2013. Transfers out account include the annual transfer to the various replacements funds such as Radio, Data Communications and Personal Computer Replacement Funds. It also includes a \$500,000 transfer to fund the Water Main Replacement project (I-74) and \$100,000 for the North Torrance Well Field project (I108).

EMERGENCY MEDICAL SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$1,780,000	\$1,120,430	62.9%	55.1%
Expenses	(10,301,457)	(6,107,576)	59.3%	58.2%
Operating income (loss)	(8,521,457)	(4,987,146)		
Operating transfers in	9,152,800	5,310,610	58.0%	58.0%
Operating transfers out	(650,000)	(382,850)	58.9%	45.0%
From Fund Balance	18,657	-	0.0%	0.0%
Net income (loss)	<u>\$ -</u>	<u>\$ (59,386)</u>		

The revenue sources of the Emergency Medical Services Fund (EMS) are the Fire Advanced Life Support Response (ALS), Transport fees, the medical re-supply fee, the ALS assessment fees, and the paramedic medical facility fees. The revenues as of January 31, 2013 are higher than projected and it is expected that revenues will exceed budget at year-end by approximately \$288,000.

Expenses exceeded budget as of January 31, 2013 primarily due to constant staffing. The Fire Department is closely monitoring their budget and projected to meet budget at year-end.

SANITATION FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$10,780,635	\$4,638,598	43.0%	52.3%
Expenses	(11,778,942)	(6,665,036)	56.6%	48.7%
Operating income (loss)	(998,307)	(2,026,438)		
Interest Income (expense)	5,000	(6,250)	-125.0%	0.0%
Operating transfers in	167,293	97,594	58.3%	57.3%
Operating transfers out	(123,303)	(68,198)	55.3%	57.3%
From Fund Balance	949,317	-	0.0%	0.0%
Net income (loss)	<u>\$ -</u>	<u>\$ (2,003,292)</u>		

The Sanitation Fund accounts for the refuse, recycling, and waste management AB 939. Revenue budget was adjusted this year to reflect the rate increase and consumer price index adjustment approved by Council on November 22, 2011.

The percent of budget to actual is lower due to the timing of the receipts of revenues and the billing cycle. Due to the transition from Cal Water to Global Water, approximately \$460,000 of refuse revenues from rubbish customers for January 2013 was billed in February.

Expenses are within budget as of January 13, 2013.

Operating transfers in represent the transfer from General Fund for the senior discount subsidy. Operating transfers out represents the transfers to various replacement funds.

The Sanitation Fund reflects a negative cash balance of \$1,121,977 as of January 31, 2013. The negative cash balance was due to capital purchases for refuse trucks and green waste and refuse containers before the sanitation fee increase took into effect. It is anticipated that future revenues will offset this negative cash balance.

CULTURAL ARTS FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$1,161,490	\$549,858	47.3%	43.7%
Expenses	(2,103,285)	(1,090,159)	51.8%	54.1%
Operating income (loss)	(941,795)	(540,301)		
Non operating				
revenues	109,440	66,263	60.5%	58.8%
Operating transfers in	713,187	420,067	58.9%	58.7%
Operating transfers out	(61,999)	(52,161)	84.1%	25.6%
From Fund Balance- Capital	50,000	43,608	87.2%	14.6%
From Fund Balance- Operating	131,167	62,524	47.7%	58.7%
Over (under) subsidy	<u>\$ -</u>	<u>\$ -</u>		

The Cultural Arts Center (CAC) revenue sources come from rental of meeting rooms, classrooms and theater. Actual revenues compared to budget are still low due to the economic conditions, cancelations and less than anticipated meeting room rentals. It is projected that approximately \$97,000 of budgeted revenues will not be realized by year-end.

Expenses are within budget as of January 31, 2013 and slightly lower than last year due to the Business Manager vacancy. It is projected that savings in expenses will offset the shortage in revenues at year-end.

Operating transfers in of \$420,067 represents the General Fund subsidy to CAC. Operating transfers out is higher than budget due to a \$50,000 transfer made at the beginning of this fiscal year to replenish the CAC facility repairs and equipment project.

SEWER FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$2,963,000	\$1,556,306	52.5%	55.8%
Expenses	<u>(4,210,627)</u>	<u>(2,388,916)</u>	56.7%	55.0%
Operating income (loss)	(1,247,627)	(832,610)		
Interest Income	175,000	91,319	52.2%	51.9%
Operating transfers out	(527,560)	(527,560)	100.0%	100.0%
From Fund Balance	<u>1,600,187</u>	<u>942,510</u>	58.9%	58.6%
Net income (loss)	<u>\$ -</u>	<u>\$ (326,341)</u>		

The Sewer Fund accounts for sewer discharge fees received for capital improvements to the City's sewer system. The revenue budget was adjusted this year to include the consumer price index adjustment. Revenues are lower than budget due to the timing of receipts of these revenues and billing cycle.

Expenses are within budget as of January 31, 2013. Operating transfers out includes a \$2,560 transfer to the PC Replacement Fund and the following transfers to capital projects: \$200,000 to the Madrona Marsh Dredging project, \$300,000 for Amie Basin Pump Upgrade and \$25,000 for the Machado Lake Watershed project.

It is projected that the Sewer Fund will meet budget at year-end.

PARKS AND RECREATION FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$4,827,221	\$2,800,831	58.0%	60.0%
Expenses	<u>(8,506,747)</u>	<u>(4,363,188)</u>	51.3%	54.0%
Operating income (loss)	(3,679,526)	(1,562,357)		
Operating transfers in	3,290,195	1,927,529	58.6%	58.7%
Operating transfers out	<u>(44,080)</u>	<u>(31,424)</u>	71.3%	72.6%
Over (under) subsidy	<u>\$ (433,411)</u>	<u>\$ 333,748</u>		

The Parks and Recreation Enterprise Fund account for fee-related activities of the Community Services Department. The Fund is supported by user fees and operating transfers from the General Fund. Revenues are at 58% of budget as of January 31, 2013 but it is projected that this fund will not meet revenue budget at year-end.

Due to the closing of the skateboard facility there are no revenues for skateboard operations. The department is exploring ways to readjust their revenue budget for next fiscal year. Also contributing to a low revenue stream are lower than expected roller hockey fees, golf course admission fees and adult sports league revenues.

Expenses are within budget and are tracking slightly better than last year. If current spending is maintained throughout the rest of the fiscal year, it is projected that savings from the expense budget could offset the shortage in revenues.

ANIMAL CONTROL FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$222,000	\$81,534	36.7%	19.7%
Expenses	<u>(466,300)</u>	<u>(189,736)</u>	40.7%	39.3%
Operating income (loss)	(244,300)	(108,202)		
Operating transfers in	248,000	87,075	35.1%	57.0%
Net Income (Loss)	<u>\$ 3,700</u>	<u>\$ (21,127)</u>		

The Animal Control Fund accounts for animal licenses, permits, and operations of the Animal Control program. Revenues are at 36.7% of budget as of January 31, 2013. Typically, this fund received its revenues in the last few months of the fiscal year after renewal notices are sent in April. It is projected that revenues budgeted will be realized at year-end.

Expenses are lower than budget due to the savings from the vacant Animal Control Officer position which has been vacant since December 2011. The timing of receipt of invoices from the County of Los Angeles also caused the expenses to be lower. As of January 31, 2013, invoices received and paid were through November 2012.

Operating transfers in of \$87,075 represents subsidy from the General Fund. It is projected that Animal Control fund will meet budget at year-end.

RIDESHARE FUNDS:

The Air Quality Management District Fund (AQMD) and Vanpool/Rideshare Fund are the two funds that are used to account for the City's rideshare program. The AQMD Fund accounts for the City's compliance with air quality management regulations and the Vanpool/Rideshare Fund is used to account for rideshare revenues from Proposition C and fares.

AIR QUALITY MANAGEMENT DISTRICT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$172,000	\$45,067	26.2%	31.2%
Expenses	(189,876)	(88,849)	46.8%	49.2%
Operating income (loss)	(17,876)	(43,782)		
From fund balance	17,876	10,529	58.9%	58.7%
Net Income (Loss)	<u>\$</u>	<u>(\$33,253)</u>		

The Air Quality Management District Fund (AQMD) revenues are lower than budget because the second quarter revenue of \$40,740 was received in March. Expenses are within budget and slightly lower than last year due to a lower redemption of incentive points.

VANPOOL RIDESHARE FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2012-13</u>	<u>Fiscal Year 2011-12</u>
Revenues	\$50,000	\$32,730	65.5%	54.6%
Expenses	(256,370)	(138,141)	53.9%	52.4%
Operating income (loss)	(206,370)	(105,411)		
Other Grants	39,000	24,595	63.1%	53.7%
Transfers In	167,930	97,959	58.3%	58.3%
To Prop C	(560)	-		
Net Income (Loss)	<u>\$ -</u>	<u>\$17,143</u>		

Vanpool revenues and expenses are within budget as of January 31, 2013. Operating transfers in of \$97,959 are from Proposition C funds.

Schedules: Schedule A -- General Fund Revenue Summary - Budget to Actual for Seven Months Ended January 31, 2013.

Schedule B -- Expenditures Summary by Fund -- Budget to Actual-All Funds With Annually Adopted Budgets for Seven Months Ended January 31, 2013.

Schedule B-1 -- Expenditures Detail By Fund- Budget to Actual-All Funds With Annually Adopted Budgets-Salaries and Benefits Expenditures for Seven Months Ended January 31, 2013.

Schedule B-2 -- Expenditures Detail By Fund- Budget to Actual-All Funds With Annually Adopted Budgets- Materials, Services, and Other Expenditures for Seven Months Ended January 31, 2013.

Schedule B-3 -- Expenditures Summary-Budget to Actual-General Fund by Character for Seven Months Ended January 31, 2013.

Schedule B-4 -- Adopted Budget and Amendments by Fund for Seven Months Ended January 31, 2013.

Schedule C -- Internal Service and Enterprise Fund Revenue Summary- Budget to Actual for Seven Months Ended January 31, 2013.

Schedule D -- Fleet Services-Combined Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule D-1 -- Fleet Services Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule D-2 -- Fleet Services Combined Fund Statement of Cash Flows for Seven Months Ended January 31, 2013

Schedule D-3 -- Fleet-Operations and Maintenance Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule D-4 -- Fleet-Operations and Maintenance Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule D-5 -- Fleet-Vehicle Replacement Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule D-6 -- Fleet-Vehicle Replacement Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule E -- Self-Insurance Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule E-1 -- Self-Insurance Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule E-2 -- Self-Insurance Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule F -- Airport Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule F-1 -- Airport Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule F-2 -- Airport Fund-Aeronautical Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule F-3 -- Airport Fund Non-Aeronautical Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule F-4 -- Airport Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule G -- Transit Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule G-1 -- Transit Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule G-2 -- Transit Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule G-3 -- Municipal Area Express (MAX) Balance Sheet for Seven Months Ended January 31, 2013

Schedule G-4 -- Municipal Area Express (MAX) Statement of Revenues, Expenditures and Changes in Fund Balance for Seven Months Ended January 31, 2013.

Schedule G-5 -- Municipal Area Express (MAX) Statement of Cash Flow for Seven Months Ended January 31, 2013.

Schedule H -- Water Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule H-1 -- Water Fund Operations Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule H-2 -- Water Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule I -- Emergency Medical Services Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule I-1 -- Emergency Medical Services Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013

Schedule I-2 -- Emergency Medical Services Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule J -- Sanitation Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule J-1 -- Sanitation Enterprise Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule J-2 -- Sanitation Enterprise Fund Statement of Cash Flows for Seven Months Ended June 30, 2008.

Schedule K -- Cultural Arts Center Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule K-1 -- Cultural Arts Center Enterprise Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule K-2 -- Cultural Arts Center Enterprise Fund Budget to Actual by Programs for Seven Months Ended January 31, 2013.

Schedule K-3 -- Cultural Arts Center Enterprise Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule L -- Sewer Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule L-1 -- Sewer Enterprise Fund Operations Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule L-2 -- Sewer Enterprise Fund Operations Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule M -- Parks and Recreation Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule M-1 -- Parks and Recreation Enterprise Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule M-2 -- Parks and Recreation – Recreation Services Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule M-3 -- Parks and Recreation – Cultural Services Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013

Schedule M-4 -- Parks and Recreation Enterprise Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule N – Capital Improvements Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule N-1 -- Capital Improvements Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Seven Months Ended January 31, 2013.

Schedule O – Prop C Local Return/Grants and Discretionary Funds Balance Sheet for Seven Months Ended January 31, 2013.

Schedule O-1 -- Prop C Local Return/Grants and Discretionary Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Seven Months Ended January 31, 2013.

Schedule P – Measure R Local Return and Highway Program/Grants and Discretionary Funds Balance Sheet for Seven Months Ended January 31, 2013.

Schedule P-1 – Measure R Local Return and Highway Program/Grants and Discretionary Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Seven Months Ended January 31, 2013.

Schedule Q -- Torrance Public Financing Authority Restricted Capital Project Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Seven Months Ended January 31, 2013.

Schedule R -- Torrance Public Financing Authority Debt Service Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Seven Months Ended January 31, 2013.

Schedule S – Housing Authority of the City of Torrance-Balance Sheet for Seven Months Ended January 31, 2013.

Schedule S-1 -- Housing Authority of the City of Torrance-Combined Statement of Revenue and Expenses for Seven Months Ended January 31, 2013.

Schedule S-2 – Housing Authority of the City of Torrance- Statement of Revenue and Expenses-Housing Assistance Payments-Budget to Actual For Seven Months Ended January 31, 2013.

Schedule S-3 – Housing Authority of the City of Torrance-Statement of Revenue and Expenses-Administration-Budget to Actual For Seven Months Ended January 31, 2013.

Schedule T -- Selected Special Revenue Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Seven Months Ended January 31, 2013.

Schedule U – Cable & Community Relations/Public Access/PEG Balance Sheet for Seven Months Ended January 31, 2013.

Schedule U-1 -- Cable & Community Relations Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule U-2 -- Cable & Community Relations Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule U-3 -- Cable TV Public Access Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule U-4 -- Cable TV Public Access Cash Flows for Seven Months Ended January 31, 2013.

Schedule U-5 – Public Education Government Access (PEG) Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule U-6 -- Public Education Government Access (PEG) Fund Cash Flows for Seven Months Ended January 31, 2013.

Schedule V -- Animal Control Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule V-1 -- Animal Control Fund Statement of Revenues and Expenses –Budget to Actual for Seven Months Ended January 31, 2013.

Schedule V-2 -- Animal Control Fund Statement of Cash Flows for Seven Months Ended January 31, 2013.

Schedule W-- Air Quality Management District Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule W-1 -- Air Quality Management District Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule X -- Vanpool/Rideshare Fund Balance Sheet for Seven Months Ended January 31, 2013.

Schedule X-1 -- Vanpool/Rideshare Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2013.

Schedule A

GENERAL FUND REVENUE SUMMARY-ANNUAL BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget	Year-To-Date Actual	Budget %	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual	FY 2012 Actual %	FY 2012 Prior Year Total
<u>TAXES</u>							
Property taxes	\$ 30,059,158	\$ 15,559,870	51.8%	\$ 29,580,000	\$ 14,898,043	52.3%	28,493,846
VLF Swap and repayment	11,426,000	5,628,608	49.3%	11,510,000	5,600,945	50.0%	11,201,890
Sales and use taxes	31,192,560	12,710,031	40.7%	27,040,000	12,312,839	40.8%	30,163,249
Sales tax flip	9,983,740	5,045,271	50.5%	8,930,000	4,660,882	50.0%	9,321,765
Utility users tax:							
Electricity	15,343,000	7,336,098	47.8%	15,392,000	7,535,940	55.2%	13,662,407
Gas:							
Refineries	3,532,000	1,078,887	30.5%	4,061,000	1,664,249	58.6%	2,842,293
Other	2,766,000	967,495	35.0%	2,767,000	1,171,877	44.5%	2,635,223
Water	3,030,000	1,375,855	45.4%	2,009,000	1,211,823	45.8%	2,647,992
Cable	1,564,000	740,158	47.3%	1,497,000	737,770	49.5%	1,490,230
Telecommunication/Cellular	8,572,000	4,111,149	48.0%	9,874,000	4,047,870	49.6%	8,165,777
Sub Total - Utility users tax	34,807,000	15,609,642	44.8%	35,600,000	16,369,529	52.1%	31,443,922
Business license tax/permit tax	8,656,650	3,936,358	45.5%	8,220,000	4,649,330	55.2%	8,424,511
Franchise tax	5,400,000	679,845	12.6%	5,400,000	794,182	12.9%	6,156,963
Occupancy tax	8,272,800	4,120,863	49.8%	7,660,000	3,749,307	47.5%	7,900,185
PSAF	1,442,000	563,272	39.1%	1,400,000	647,846	45.4%	1,427,890
Construction tax	800,000	436,523	54.6%	800,000	322,389	31.7%	1,016,044
Real property transfer tax	600,000	320,529	53.4%	600,000	230,587	49.1%	470,050
Oil severance tax	10,000	1,793	17.9%	10,000	6,648	60.9%	10,913
TOTAL TAXES	142,649,908	64,612,605	45.3%	136,750,000	64,242,527	47.2%	136,031,228
<u>LICENSES AND PERMITS</u>							
Construction permits/other license fee/permits	2,015,300	1,180,623	58.6%	2,121,000	1,026,779	49.7%	2,065,747
TOTAL LICENSES/ FEES	2,015,300	1,180,623	58.6%	2,121,000	1,026,779	49.7%	2,065,747
<u>FINES AND FORFEITURES</u>							
General court fines	350,000	97,065	27.7%	350,000	279,094	75.3%	370,477
Traffic fines/parking citations	980,000	509,808	52.0%	980,000	441,975	51.7%	855,304
TOTAL FINES/FORFEITURES	1,330,000	606,873	45.6%	1,330,000	721,069	58.8%	1,225,781
<u>REV-USE OF MONEY/PROPERTY</u>							
Investment earnings	1,400,000	515,236	36.8%	2,000,000	702,241	53.3%	1,316,976
Rents, royalties and leases	1,425,400	811,675	56.9%	1,360,000	782,159	57.6%	1,358,969
TOTAL USE OF MONEY/PROPERTY	2,825,400	1,326,911	47.0%	3,360,000	1,484,400	55.5%	2,675,945
<u>REVENUES FROM OTHER AGENCIES</u>							
State motor vehicle licenses	-	76,748	0.0%	580,000	74,069	100.0%	74,069
State homeowners' property tax	250,000	113,793	45.5%	250,000	117,414	50.0%	234,829
Other State revenues	120,000	58,393	48.7%	150,000	60,129	58.3%	103,174
TOTAL OTHER AGENCIES	370,000	248,934	67.3%	980,000	251,612	61.1%	412,072
<u>CHARGES FOR CURRENT SERVICES</u>							
City Clerk	11,000	11,520	104.7%	9,000	4,655	42.1%	11,060
Community Development	1,636,000	883,815	54.0%	1,366,000	650,861	42.7%	1,523,344
Community Services	550,000	268,559	48.8%	589,000	233,954	44.6%	524,264
Non-Departmental	333,701	11,076	3.3%	530,000	7,051	44.9%	15,703
Police	566,000	272,496	48.1%	536,000	248,351	46.9%	529,275
Fire	1,881,500	866,088	46.0%	1,880,000	164,658	12.3%	1,339,641
Public Works	170,000	168,912	99.4%	159,000	166,482	100.0%	166,482
TOTAL CURRENT SERVICE CHARGES	5,148,201	2,482,466	48.2%	5,069,000	1,681,765	40.9%	4,109,769
<u>OTHER REVENUES</u>							
Other revenues	702,435	298,766	42.5%	698,083	383,797	67.4%	569,492
Contributions-Enterprises	3,100,000	1,784,451	57.6%	3,612,320	2,550,509	70.3%	3,630,320
Operating transfers in	9,529,025	5,718,061	60.0%	11,677,172	5,671,064	62.6%	9,058,104
TOTAL OTHER REVENUES	13,331,460	7,801,278	58.5%	15,987,575	8,605,370	64.9%	13,257,916
Total General Fund Revenues	\$ 167,670,269	\$ 78,259,690	46.7%	\$ 165,597,575	78,013,522	48.8%	\$ 159,778,458

**EXPENDITURES SUMMARY BY FUND - BUDGET TO ACTUAL - ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED**

Schedule B

	FY 12-13					FY 11-12			
	REVISED BUDGET	EXPEND WITHOUT ENCUMBR	% OF BUDGET TO ACTUAL W/O ENC	PROJECTED ACTUALS 6/30/13	% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	EXPEND WITHOUT ENCUMBR	% OF ACTUAL TO ACTUAL	ANNUAL EXPEND WITHOUT ENCUMBR
GENERAL FUND									
BY DEPARTMENT:									
Council/Commissions	\$ 493,190	\$ 285,142	57.8%	\$ 485,933	98.5%	595,819	326,722	72.6%	450,067
City Manager	2,759,113	1,351,144	49.0%	2,555,479	92.6%	2,698,149	1,383,510	55.3%	2,503,218
City Attorney	2,121,750	1,120,077	52.8%	2,033,740	95.9%	2,150,276	1,142,828	56.7%	2,015,073
City Clerk	1,052,333	582,582	55.4%	1,027,359	97.6%	1,053,087	491,567	51.0%	963,130
City Treasurer	889,384	472,087	53.1%	876,985	98.6%	922,182	459,844	53.5%	858,966
Finance	4,465,692	2,385,398	53.4%	4,063,890	91.0%	4,377,126	2,406,410	60.0%	4,008,899
Human Resources	2,040,357	1,007,936	49.4%	1,764,204	86.5%	2,081,913	1,075,782	57.2%	1,881,350
Civil Service	586,087	291,566	49.7%	509,882	87.0%	476,958	232,807	58.5%	398,197
Community Development	7,303,206	4,103,268	56.2%	6,934,213	94.9%	7,190,782	4,052,687	58.4%	6,933,886
Comm & Info Tech	4,541,945	2,627,024	57.8%	4,511,945	99.3%	4,451,009	2,448,877	57.4%	4,264,322
General Services	4,014,531	1,893,193	47.2%	3,648,298	90.9%	4,062,853	2,098,124	60.4%	3,470,914
Police	66,518,370	38,541,041	57.9%	66,172,003	99.5%	65,391,073	37,972,073	58.6%	64,792,012
Fire	26,438,158	15,601,133	59.0%	26,424,959	100.0%	25,439,685	14,887,256	58.5%	25,439,684
Public Works	11,882,546	6,517,423	54.8%	11,340,104	95.4%	11,722,595	5,919,998	58.3%	10,161,410
Community Services	14,045,457	7,965,521	56.7%	13,936,231	99.2%	14,018,364	7,771,963	57.1%	13,604,156
Non-Departmental (1001 only):									
Insurance	25,000	7,177	28.7%	14,424	57.7%	25,000	7,362	50.5%	14,576
Community Promotion	181,000	44,393	24.5%	147,662	81.6%	325,500	142,407	50.7%	280,750
Non-Departmental	3,307,775	513,024	15.5%	1,901,171	57.5%	3,217,954	846,306	42.2%	2,005,664
Non-Dept. Salary Reimb.	(1,267,028)	(69,870)	5.5%	(742,151)	58.6%	(1,118,000)	-	0.0%	(614,572)
Leaseback	4,084,630	1,819,084	44.5%	4,084,630	100.0%	4,127,104	1,785,341	44.3%	4,032,175
Community Improvements	140,000	12,762	9.1%	27,498	19.6%	140,000	14,131	52.8%	26,767
Indirect Costs Reim.	(5,513,346)	(3,039,343)	55.1%	(5,265,570)	95.5%	(5,250,519)	(2,782,157)	58.8%	(4,732,952)
Transfers	19,617,031	11,641,506	59.3%	19,316,801	98.5%	17,660,268	10,122,668	59.9%	16,889,563
Total General Fund	169,727,181	95,673,268	56.4%	165,769,690	97.7%	165,759,178	92,806,506	58.1%	159,647,255
Fleet Svcs									
Fleet Svcs	5,858,126	3,013,720	51.4%	5,064,846	86.5%	5,798,053	3,061,500	57.7%	5,307,102
Self - Insurance									
Self - Insurance	4,700,753	2,984,760	63.5%	4,929,033	104.9%	4,510,944	2,850,821	62.2%	4,580,611
Total Internal Service	10,558,879	5,998,480	56.8%	9,993,879	94.6%	10,308,997	5,912,321	59.8%	9,887,713
Airport									
Airport	12,820,286	7,732,082	60.3%	12,556,347	97.9%	12,198,140	7,170,172	61.9%	11,575,358
Transit									
Transit	27,905,763	13,814,839	49.5%	24,611,427	88.2%	25,192,626	13,299,997	56.2%	23,682,349
Water									
Water	34,486,630	19,315,501	56.0%	33,872,824	98.2%	31,573,934	17,515,442	55.9%	31,327,307
Emergency Medical Services									
Emergency Medical Services	10,951,457	6,490,426	59.3%	10,951,457	100.0%	10,706,212	6,212,493	58.0%	10,706,212
Sanitation									
Sanitation	11,902,246	6,739,486	56.6%	11,180,930	93.9%	11,813,745	5,724,949	49.9%	11,465,308
Cultural Arts									
Cultural Arts	2,165,284	1,142,320	52.8%	1,981,378	91.5%	2,161,885	1,152,301	58.3%	1,975,946
Sewer									
Sewer	4,738,188	2,916,476	61.6%	4,584,759	96.8%	4,632,144	2,829,325	63.1%	4,486,681
Parks & Recreation									
Parks & Recreation	8,550,827	4,394,611	51.4%	7,702,664	90.1%	8,463,414	4,601,964	59.4%	7,742,432
Total Enterprise	113,520,681	62,545,741	55.1%	107,441,786	94.6%	106,742,100	58,506,643	56.8%	102,961,593
Section 8 Rental Assistance									
Section 8 Rental Assistance	6,916,927	3,836,617	55.5%	6,707,000	97.0%	6,912,214	3,801,703	58.8%	6,470,543
Cable & Comm Relations									
Cable & Comm Relations	1,772,942	985,825	55.6%	1,628,541	91.9%	1,655,509	926,282	59.0%	1,570,738
Cable Public Edu Gov Access									
Cable Public Edu Gov Access	141,000	88,972	63.1%	141,000	100.0%	150,000	150,000	100.0%	150,000
Cable TV Public Access									
Cable TV Public Access	408,051	217,382	53.3%	394,451	96.7%	402,595	221,153	59.0%	374,988
Air Quality Mgmt District									
Air Quality Mgmt District	189,876	88,849	46.8%	150,648	79.3%	220,062	124,073	68.7%	180,608
Animal Control Fund									
Animal Control Fund	466,300	189,737	40.7%	357,807	76.7%	465,967	182,924	54.2%	337,543
Van Pool/Ride Share									
Van Pool/Ride Share	256,370	138,141	53.9%	237,820	92.8%	261,930	137,305	59.3%	231,694
Gas Tax (Transfers Only)									
Gas Tax (Transfers Only)	1,040,000	606,667	58.3%	1,040,000	100.0%	1,040,000	610,480	58.7%	1,040,000
Street Lighting District									
Street Lighting District	3,122,126	1,439,546	46.1%	2,782,004	89.1%	3,180,201	1,361,309	49.9%	2,727,338
Torrance Pub Fin Auth Debt Svc									
Torrance Pub Fin Auth Debt Svc	4,576,657	2,106,135	46.0%	4,576,657	100.0%	4,571,180	2,105,592	46.1%	4,571,180
Total External Funds	18,890,249	9,697,871	51.3%	18,015,928	95.4%	18,859,658	9,620,821	54.5%	17,654,632
GRAND TOTAL	\$ 312,696,990	\$ 173,915,360	55.6%	\$ 301,221,283	96.3%	\$ 301,669,933	\$ 166,846,291	57.5%	\$ 290,151,193

EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL - ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS
SALARIES AND BENEFITS EXPENDITURES
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

Schedule B-1

	FY 12-13					FY 11-12			
	SALARIES AND BENEFITS BUDGET	SALARIES AND BENEFITS ACTUAL	% OF BUDGET TO ACTUAL	PROJECTED ACTUALS 6/30/13	% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	SALARIES & BENEFITS ACTUAL	% OF ACTUAL TO ACTUAL	ANNUAL SALARIES AND BENEFITS ACTUAL
GENERAL FUND									
BY DEPARTMENT:									
Council/Commissions	\$ 103,000	\$ 59,327	57.6%	\$ 101,661	98.7%	\$ 94,100	\$ 49,031	52.2%	\$ 93,954
City Manager	1,984,262	1,153,227	58.1%	1,974,341	99.5%	1,929,439	1,121,405	58.3%	1,924,679
City Attorney	1,670,530	972,562	58.2%	1,641,394	98.3%	1,730,004	991,349	58.5%	1,695,472
City Clerk	802,444	496,524	61.9% (A)	834,944	104.1%	838,744	491,364	58.6%	838,594
City Treasurer	682,985	403,986	59.2% (B)	682,985	100.0%	710,663	384,839	58.4%	658,574
Finance	3,761,158	2,043,728	54.3%	3,535,489	94.0%	3,747,244	2,111,564	60.0%	3,518,252
Human Resources	1,319,187	728,333	55.2%	1,187,268	90.0%	1,400,894	812,616	60.5%	1,344,155
Civil Service	466,418	244,769	52.5%	422,097	90.5%	337,318	177,122	54.8%	323,055
Community Development	6,016,419	3,476,870	57.8%	5,956,255	99.0%	5,995,611	3,549,826	59.3%	5,990,887
Comm & Info Tech	3,670,695	2,151,065	58.6%	3,640,695	99.2%	3,652,645	2,016,109	57.1%	3,533,285
General Services	2,711,759	1,536,547	56.7%	2,606,080	96.1%	2,736,773	1,668,400	62.0%	2,689,380
Police	61,127,378	35,493,083	58.1%	60,821,741	99.5%	59,900,278	35,042,988	58.9%	59,511,935
Fire	24,442,131	14,564,278	59.6%	24,572,440	100.5%	23,797,054	13,967,828	58.7%	23,797,053
Public Works	7,175,686	4,130,227	57.6%	7,103,929	99.0%	6,949,481	3,450,699	58.0%	5,952,773
Community Services	10,388,140	5,828,068	56.1%	10,278,915	98.9%	10,224,755	5,853,579	58.7%	9,966,590
Non-Departmental (1001 only):									
Non-Departmental	562,133	53,526	9.5%	64,614	11.5%	548,827	59,092	90.9%	64,984
Non-Dept. Salary Reimb.	(1,267,028)	(69,870)	5.5%	(742,151)	58.6%	(1,118,000)	-	0.0%	(614,572)
Community Improvements	10,000	625	6.3%	900	9.0%	10,000	-	0.0%	619
Total General Fund	125,627,297	73,266,875	58.3%	124,683,597	99.2%	123,485,830	71,747,811	59.2%	121,289,669
Fleet Svcs	3,077,041	1,750,196	56.9%	2,981,216	96.9%	2,929,109	1,709,352	59.3%	2,884,166
Self - Insurance	712,700	394,568	55.4%	681,856	95.7%	765,800	408,953	59.1%	691,541
Total Internal Service	3,789,741	2,144,764	56.6%	3,663,072	97%	3,694,909	2,118,305	59.2%	3,575,707
Airport	1,553,559	829,857	53.4%	1,434,955	92.4%	1,546,759	837,207	57.8%	1,449,149
Transit	14,713,512	7,464,628	50.7%	12,819,690	87.1%	13,464,260	7,251,430	57.9%	12,515,632
Water	5,297,878	2,811,218	53.1%	5,191,920	98.0%	4,843,812	2,706,117	56.7%	4,770,869
Emergency Medical Services	9,932,187	5,912,335	59.5%	9,969,222	100.4%	9,803,494	5,690,588	58.0%	9,803,494
Sanitation	4,345,024	2,463,202	56.7%	4,263,734	98.1%	4,056,407	2,286,350	57.6%	3,968,035
Cultural Arts	1,491,036	804,824	54.0%	1,445,126	96.9%	1,500,522	860,594	57.4%	1,500,521
Sewer	1,851,923	1,087,512	58.7%	1,851,923	100.0%	1,813,603	1,055,902	58.9%	1,794,002
Parks & Recreation	5,290,997	2,910,135	55.0%	5,091,487	96.2%	5,297,297	3,059,649	59.9%	5,104,153
Total Enterprise	44,476,116	24,283,711	54.6%	42,068,057	94.6%	42,326,154	23,747,837	58.1%	40,905,855
Section 8 Rental Assistance	525,000	310,809	59.2%	525,000	100.0%	531,600	310,543	59.1%	525,618
Cable & Comm Relations	891,022	451,199	50.6%	776,850	87.2%	901,022	492,344	57.6%	854,205
Cable Public Edu Gov Access	-	-	N/A	-	N/A	-	-	N/A	-
Cable TV Public Access	306,311	175,401	57.3%	306,311	100.0%	306,311	179,675	58.7%	306,311
Air Quality Mgmt District	43,494	22,030	50.7%	37,928	87.2%	42,680	21,675	59.3%	36,571
Animal Control Fund	343,400	148,827	43.3%	262,677	76.5%	343,600	144,025	57.5%	250,472
Van Pool/Ride Share	80,010	43,343	54.2%	77,850	97.3%	80,915	46,539	57.5%	80,915
Street Lighting District	627,666	314,468	50.1%	545,816	87.0%	670,766	277,392	55.4%	501,059
Total External Funds	2,816,903	1,466,077	52.0%	2,532,432	89.9%	2,876,894	1,472,193	57.6%	2,555,151
GRAND TOTAL	\$ 176,710,057	\$ 101,161,427	57.2%	\$ 172,947,158	97.9%	\$ 172,383,787	\$ 99,086,146	58.9%	\$ 168,326,382

(A) There are 3 filled Typist Clerk II positions and budget includes funding for only 2.5. There is a wage reserve of \$32,500 to cover the shortage.

(B) Salaries are over budget due to position that is partially reimbursed by Airport being vacant until December 2012.

Footnotes for Internal, Enterprise and External Funds are listed separately on the fund's financial statement.

EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL-ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS
MATERIALS, SERVICES AND OTHER EXPENDITURES
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

Schedule B-2

	FY 12-13							FY 11-12						
	MATERIALS, SERVICES, OTHERS							MATERIALS, SERVICES, OTHERS						
	REVISED BUDGET	ACTUAL EXP WITHOUT ENC	ACTUAL REIMB	ACTUAL EXPENSE NET OF REIMB	% OF BUDGET TO ACTUAL W/O ENC		% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	EXPENDITURES WITHOUT ENCUMBRANCES	% OF ACTUAL TO ACTUAL		ANNUAL EXPEND WITHOUT ENCUMBR		
GENERAL FUND														
BY DEPARTMENT:														
Council/Commissions	\$ 390,190	\$ 225,815	\$ -	\$ 225,815	57.9%	(A)	384,272	98.5%	\$ 501,719	\$ 277,691	(A)	78.0%	\$ 356,113	
City Manager	774,851	197,917	-	197,917	25.5%		581,138	75.0%	768,710	262,105		45.3%	578,539	
City Attorney	451,220	147,515	-	147,515	32.7%		392,346	87.0%	420,272	151,479		47.4%	319,601	
City Clerk	249,889	86,058	-	86,058	34.4%	(B)	192,415	77.0%	214,343	203	(B)	0.2%	124,536	
City Treasurer	206,399	68,101	-	68,101	33.0%		194,000	94.0%	211,519	75,005		37.4%	200,392	
Finance	704,534	341,670	-	341,670	48.5%		528,401	75.0%	629,882	294,846		60.1%	490,647	
Human Resources	721,170	289,733	(10,130)	279,603	38.8%		576,936	80.0%	681,019	263,166		49.0%	537,195	
Civil Service	119,669	46,797	-	46,797	39.1%		87,785	73.4%	139,640	55,685		74.1%	75,142	
Community Development	1,286,787	626,398	-	626,398	48.7%		977,958	76.0%	1,195,171	502,861		53.3%	942,999	
Comm & Info Tech	871,250	1,001,732	(525,773)	475,959	54.6%		871,250	100.0%	798,364	432,768		59.2%	731,037	
General Services	1,302,772	963,252	(606,606)	356,646	27.4%		1,042,218	80.0%	1,326,080	429,724		55.0%	781,534	
Police	5,390,992	3,051,352	(3,394)	3,047,958	56.5%		5,350,262	99.2%	5,490,795	2,929,085		55.5%	5,280,077	
Fire	1,996,027	1,216,884	(180,029)	1,036,855	51.9%		1,852,519	92.8%	1,642,631	919,428		56.0%	1,642,631	
Public Works	4,706,860	2,735,253	(348,057)	2,387,196	50.7%		4,236,175	90.0%	4,773,114	2,469,299		58.7%	4,208,637	
Community Services	3,657,317	2,251,139	(113,686)	2,137,453	58.4%		3,657,316	100.0%	3,793,609	1,918,384		52.7%	3,637,566	
Non-Departmental (1001 only):														
Insurance	25,000	7,177	-	7,177	28.7%		14,424	57.7%	25,000	7,362		50.5%	14,576	
Community Promotion	181,000	44,393	-	44,393	24.5%	(C)	147,662	81.6%	325,500	142,407	(C)	50.7%	280,750	
Non-Departmental	2,745,642	466,595	(7,097)	459,498	16.7%	(D)	1,836,557	66.9%	2,669,127	787,214	(D)	40.6%	1,940,680	
Leaseback	4,084,630	1,819,084	-	1,819,084	44.5%	(E)	4,084,630	100.0%	4,127,104	1,785,341		44.3%	4,032,175	
Community Improvements	130,000	12,137	-	12,137	9.3%		26,598	20.5%	130,000	14,131		54.0%	26,148	
Indirect Costs Reim.	(5,513,346)	(3,039,343)	-	(3,039,343)	55.1%		(5,265,570)	95.5%	(5,250,519)	(2,782,157)		58.8%	(4,732,952)	
Transfers	19,617,031	11,641,506	-	11,641,506	59.3%		19,316,801	98.5%	17,660,268	10,122,668		59.9%	16,889,563	
Total General Fund	44,099,884	24,201,165	(1,794,772)	22,406,393	50.8%		41,086,093	93.2%	\$42,273,348	21,058,695		54.9%	38,357,586	
Fleet Svcs	2,781,085	1,265,791	(2,267)	1,263,524	45.4%		2,083,630	74.9%	2,868,944	1,352,148		55.8%	2,422,936	
Self - Insurance	3,988,053	2,590,192	-	2,590,192	64.9%		4,247,177	106.5%	3,745,144	2,441,868		62.8%	3,889,070	
Total Internal Service	6,769,138	3,855,983	(2,267)	3,853,716	56.9%		6,330,807	93.5%	6,614,088	3,794,016		60.1%	6,312,006	
Airport	11,266,727	6,902,225	-	6,902,225	61.3%		11,121,392	98.7%	10,651,381	6,332,965		62.5%	10,126,209	
Transit	13,192,251	6,350,211	-	6,350,211	48.1%		11,791,737	89.4%	11,728,366	6,048,567		54.2%	11,166,717	
Water	29,188,752	16,520,043	(15,760)	16,504,283	56.5%		28,680,904	98.3%	26,730,122	14,809,325		55.8%	26,556,438	
Emergency Medical Services	1,019,270	578,091	-	578,091	56.7%		982,235	96.4%	902,718	521,905		57.8%	902,718	
Sanitation	7,557,222	4,306,564	(30,280)	4,276,284	56.6%		6,917,196	91.5%	7,757,338	3,438,599		45.9%	7,497,273	
Cultural Arts	674,248	337,496	-	337,496	50.1%		536,252	79.5%	661,363	291,707		61.4%	475,425	
Sewer	2,886,265	1,828,964	-	1,828,964	63.4%		2,732,836	94.7%	2,818,541	1,773,423		65.9%	2,692,679	
Parks & Recreation	3,259,830	1,484,476	-	1,484,476	45.5%		2,611,177	80.1%	3,166,117	1,542,315		58.5%	2,638,279	
Total Enterprise	69,044,565	38,308,070	(46,040)	38,262,030	55.4%		65,373,729	94.7%	64,415,946	34,758,806		56.0%	62,055,738	
Section 8 Rental Assistance	6,391,927	3,525,808	-	3,525,808	55.2%		6,182,000	96.7%	6,380,614	3,491,160		58.7%	5,944,925	
Cable & Comm Relations	881,920	547,576	(12,950)	534,626	60.6%		851,691	96.6%	754,487	433,938		60.6%	716,533	
Cable Public Edu Gov Access	141,000	88,972	-	88,972	63.1%		141,000	100.0%	150,000	150,000		100.0%	150,000	
Cable TV Public Access	101,740	41,981	-	41,981	41.3%		88,140	86.6%	96,284	41,478		60.4%	68,677	
Air Quality Mgmt District	146,382	66,819	-	66,819	45.6%		112,720	77.0%	177,382	102,398		71.1%	144,037	
Animal Control Fund	122,900	40,910	-	40,910	33.3%		95,130	77.4%	122,367	38,899		44.7%	87,071	
Van Pool/Ride Share	176,360	94,798	-	94,798	53.8%		159,970	90.7%	181,015	90,766		60.2%	150,779	
Gas Tax (Transfers Only)	1,040,000	606,667	-	606,667	58.3%		1,040,000	100.0%	1,040,000	610,480		58.7%	1,040,000	
Street Lighting District	2,494,460	1,125,078	-	1,125,078	45.1%		2,236,188	89.6%	2,509,435	1,083,917		48.7%	2,226,279	
Torrance Pub Fin Auth Debt Svc	4,576,657	2,106,135	-	2,106,135	46.0%		4,576,657	100.0%	4,571,180	2,105,592		46.1%	4,571,180	
Total External Funds	16,073,346	8,244,744	(12,950)	8,231,794	51.2%		15,483,496	96.3%	15,982,764	8,148,628		54.0%	15,099,481	
GRAND TOTAL	\$ 135,986,933	\$ 74,609,962	\$ (1,856,029)	\$ 72,753,933	53.5%		\$ 128,274,125	94.3%	\$129,286,146	\$ 67,760,145		55.6%	\$ 121,824,811	

(A) Annual membership fees were paid in July.

(B) Minute Secretaries charges were reimbursed by flat rate in the prior year and adjusted to actual in February 2012. Minute Secretaries charges for the current fiscal year are being charged directly to the departments.

(C) Prior year Community Promotions represents payments for the Rose Parade Float. This event is not funded this fiscal year.

(D) Current year includes property tax administrative costs of \$412,000. Prior year administrative costs were posted in January 2012 for \$719,000.

(E) Lease payments were made in August and November. Next payments are due in February and May.

Footnotes for Internal, Enterprise and External Funds are listed separately on the fund's financial statement.

**EXPENDITURES SUMMARY - BUDGET TO ACTUAL - GENERAL FUND (1001) BY CHARACTER
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED**

Schedule B-3

	REVISED BUDGET FY 12-13	EXPENDITURES WITHOUT ENCUMBRANCES	% OF ANNUAL BUDGET TO ACTUAL WITHOUT ENC.	ENCUMB.	% OF ANNUAL BUDGET TO ACTUAL WITH ENC.
Salaries and Benefits	\$ 137,362,945	\$ 78,291,861	57.0%	\$ 6,803	57.0%
Salaries and Benefits Reimb	(11,735,648)	(5,024,986)	42.8%	-	42.8%
Subtotal Salaries and Benefits	125,627,297	73,266,875	58.3%	6,803	58.3%
Materials and Supplies	12,461,957	6,089,480	48.9%	2,006,619	65.0%
Senior Mobile Home Subsidy	37,600	33,000	87.8%	-	87.8%
Prof Services/Contracts/Utilities	8,430,338	3,671,765	43.6%	1,426,986	60.5%
Travel, Training & Membership Dues	1,027,233	436,150	42.5%	79,661	50.2%
Depreciation and Amortization	325	325	100.0%	-	100.0%
Liabilities and Other Insurance	1,620,136	565,598	34.9%	-	34.9%
Interdepartmental Charges	3,853,648	2,248,142	58.3%	-	58.3%
Debt Service	4,944,630	1,874,134	37.9%	-	37.9%
Capital Acquisition	292,901	44,855	15.3%	29,993	25.6%
Reimb from Other Funds	(3,459,278)	(1,794,772)	51.9%	-	51.9%
Bad Debt and Other Losses	11	11	100.0%	-	100.0%
Other Expenditures	109,440	66,264	60.5%	-	60.5%
Reimb - Indirect Costs	(5,513,346)	(3,039,343)	55.1%	-	55.1%
Operating Transfers Out	20,294,289	12,210,784	60.2%	-	60.2%
Subtotal Materials, Supplies, & Services	44,099,884	22,406,393	50.8%	3,543,259	58.8%
Total General Fund - 1001	169,727,181	95,673,268	56.4%	3,550,062	58.5%

ADOPTED BUDGET AND AMENDMENTS BY FUND
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	ANNUAL ADOPTED BUDGET FY 12-13	PRIOR YEAR ENCUMBRANCE BUDGET	ANNUAL BUDGET AMENDMENTS FY 12-13	ANNUAL AMENDED BUDGET FY 12-13
GENERAL FUND				
BY DEPARTMENT:				
Council/Commissions	\$ 492,690	\$ -	\$ 500	\$ 493,190
City Manager	2,473,514	12,043	273,556 (A)	2,759,113
City Attorney	2,118,904	2,846	-	2,121,750
City Clerk	957,633	76,700	18,000	1,052,333
City Treasurer	885,117	-	4,267	889,384
Finance	4,336,697	76,495	52,500	4,465,692
Human Resources	2,008,462	39,895	(8,000)	2,040,357
Civil Service	586,087	-	-	586,087
Community Development	7,163,412	102,253	37,541	7,303,206
Comm & Info Tech	4,515,464	31,433	(4,952)	4,541,945
General Services	4,014,531	-	-	4,014,531
Police	66,480,389	37,981	-	66,518,370
Fire	26,290,382	37,136	110,640	26,438,158
Public Works	11,702,559	140,120	39,867	11,882,546
Community Services	13,977,361	4,309	63,787	14,045,457
Non-Departmental (1001 only):				
Insurance	25,000	-	-	25,000
Community Promotion	157,622	-	23,378	181,000
Non-Departmental	3,206,033	-	101,742	3,307,775
Non-Dept. Salary Reimb.	(1,267,028)	-	-	(1,267,028)
Leaseback	4,084,630	-	-	4,084,630
Community Improvements	140,000	-	-	140,000
Indirect Costs Reim.	(5,513,346)	-	-	(5,513,346)
Transfers	19,711,021	-	(93,990)	19,617,031
Total General Fund	168,547,134	561,211	618,836	169,727,181
Fleet Svcs				
Fleet Svcs	5,858,126	3,345,365	(3,345,365) (B)	5,858,126
Self - Insurance	4,689,733	11,020	-	4,700,753
Total Internal Service	10,547,859	3,356,385	(3,345,365)	10,558,879
Airport				
Airport	11,886,447	6,369	927,470 (C)	12,820,286
Transit	27,705,763	-	200,000 (D)	27,905,763
Water	33,502,468	10,399	973,763 (E)	34,486,630
Emergency Medical Services	11,039,025	1,422	(88,990)	10,951,457
Sanitation	10,950,511	269,684	682,051 (F)	11,902,246
Cultural Arts	2,165,284	-	-	2,165,284
Sewer	4,062,387	6,829	668,972 (G)	4,738,188
Parks & Recreation	8,500,261	38,954	11,612	8,550,827
Total Enterprise	109,812,146	333,657	3,374,878	113,520,681
Section 8 Rental Assistance				
Section 8 Rental Assistance	6,916,142	1,347	(562)	6,916,927
Cable & Comm Relations	1,750,685	22,091	166	1,772,942
Cable Public Edu Gov Access	-	-	141,000	141,000
Cable TV Public Access	392,093	15,958	-	408,051
Air Quality Mgmt District	189,876	-	-	189,876
Animal Control Fund	466,300	-	-	466,300
Van Pool/Ride Share	256,370	-	-	256,370
Gas Tax (Transfers Only)	1,040,000	-	-	1,040,000
Street Lighting District	3,122,126	-	-	3,122,126
Torr Public Financing Auth Debt Svc	4,576,657	-	-	4,576,657
Total External Funds	18,710,249	39,396	140,604	18,890,249
GRAND TOTAL	\$ 307,617,388	\$ 4,290,649	\$ 788,953	\$ 312,696,990

- (A) Includes Council approved appropriation for South Bay Entrepreneurial Center business incubator project and City Manager approved extension of the CORE training service.
- (B) Represents the capital acquisitions contra account budget in the Fleet Services-Vehicle Replacement Fund to offset vehicle acquisition encumbrance rolled from the prior year's budget.
- (C) Council approved appropriation for project I-126 Airport Pavement Maintenance.
- (D) Represents Council approved items for a transfer to the Dial-A-Taxi program and payment of a liability settlement.
- (E) Includes transfer to I-074 Water Main Replacement and I-108 North Torrance Well Field approved by Council on 12/8/12 item 12A and additional water treatment chemicals approved by Council on 7/24/12 item 8H and 2/5/13 item 8F.
- (F) Represents transfer of prior year budget to the current year for purchase of Toter automated refuse and greenwaste containers approved by Council on 2/7/12, item 8H and 5/22/12 item 8E. It also includes an additional \$60,833 for this purpose approved by Council on 8/28/12 item 8I.
- (G) Includes transfer to FEAP782 Madrona Marsh Sum Dredging, appropriation for additional utility billing services including a one-time implementation fee and transfer to I-132 Amie Basin Pump Upgrade approved by Council on 1/10/12 item 12A, 9/11/12 item 8A and 12/18/12 item 12A respectively.

Schedule C

INTERNAL SERVICE & ENTERPRISE FUND REVENUE SUMMARY-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY 12-13						FY 11-12				
	Revised Budget	Budgeted Use of Fund Bal	Total Budget	Year-To-Date Actual	% of Budget to Actual	Projected 6/30/13	% of Budget to Proj Actual	Revised Budget	Year-To-Date Actual	% of Actual to Actual	Annual Actual
Fleet Services	\$ 6,405,700	\$ -	\$ 6,405,700	\$ 3,907,158	61.0%	\$ 6,581,003	102.7%	\$ 6,307,162	\$ 3,773,874	54.7%	\$ 6,898,845
Self-Insurance	3,805,246	-	3,805,246	2,223,521	58.4%	3,805,246	100.0%	3,556,277	2,110,451	57.7%	3,660,603
Total Internal Service	10,210,946	-	10,210,946	6,130,679	60.0%	10,386,249	101.7%	9,863,439	5,884,325	55.7%	10,557,448
Airport	11,835,100	985,186	12,820,286	7,161,717	55.9%	12,556,347	97.9%	12,198,140	6,656,826	55.5%	11,989,129
Transit	25,581,791	-	25,581,791	11,906,682	46.5%	25,796,844	100.8%	23,121,761	10,995,506	50.6%	21,741,532
Water	35,187,000	-	35,187,000	19,220,865	54.6%	35,563,300	101.1%	32,976,055	18,337,707	53.7%	34,178,515
Emergency Medical Svcs	10,932,800	18,657	10,951,457	6,431,040	58.7%	10,951,457	100.0%	10,706,211	6,209,814	58.0%	10,706,211
Sanitation	10,952,928	949,317	11,902,245	4,736,192	39.8%	10,787,487	90.6%	11,813,745	5,724,948	49.9%	11,465,305
Cultural Arts	1,984,117	181,167	2,165,284	1,142,320	52.8%	1,981,378	91.5%	2,161,885	1,073,382	54.3%	1,975,945
Sewer	3,138,000	1,600,187	4,738,187	2,590,135	54.7%	4,584,759	96.8%	4,632,144	2,628,138	58.6%	4,486,681
Parks & Recreation	8,117,416	-	8,117,416	4,728,360	58.2%	7,399,168	91.2%	9,199,304	5,310,051	64.3%	8,254,463
Total Enterprise	\$ 107,729,152	\$ 3,734,514	\$ 111,463,666	\$ 57,917,311	52.0%	\$ 109,620,740	98.3%	\$ 106,809,245	\$ 56,936,372	54.3%	\$ 104,797,781

Schedule D

FLEET SERVICES - COMBINED**BALANCE SHEET
JANUARY 31, 2013**

	Operations and Maintenance January 31, 2013	Vehicle Replacement January 31, 2013	Shop Equipment Replacement January 31, 2013	Total
ASSETS				
Pooled cash and investments	\$ (1,242,400)	\$ 17,380,588	\$ 144,811	\$ 16,282,999
Accrued interest receivable	-	73,795	-	73,795
Inventories	1,071,744	-	-	1,071,744
Total Current Assets	(170,656)	17,454,383	144,811	17,428,538
Property, plant and equipment, net	-	8,956,505	7,088	8,963,593
Total Assets	\$ (170,656)	\$ 26,410,888	\$ 151,899	\$ 26,392,131
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 136,426	\$ -	\$ -	\$ 136,426
Accrued salaries and benefits	399,995	-	-	399,995
Total Liabilities	536,421	-	-	536,421
Fund Equity (Deficit)				
Retained earnings - reserved	-	26,410,888	-	26,410,888
Retained earnings (deficit) - unreserved	(707,077)	-	151,899	(555,178)
Total Liabilities and Fund Equity (Deficit)	\$ (170,656)	\$ 26,410,888	\$ 151,899	\$ 26,392,131

Schedule D-1

FLEET SERVICES - COMBINED FUNDS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY 2012				FY 2012			
	FY 2013 Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	Year-To-Date Actual Without Enc.	Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Rental Income	\$ 7,020	\$ - (B)	0.0%	\$ 200	7,020	\$ 362	100.0%	\$ 362
Charges for services	5,566,896	3,410,182 (C)	61.3%	5,754,019	5,039,328	3,239,001	57.3%	5,650,947
Total Operating Revenues	5,573,916	3,410,182	61.2%	5,754,219	5,046,348	3,239,363	57.3%	5,651,309
OPERATING EXPENSES:								
Salaries and employee benefits	3,077,041	1,750,196 (D)	56.9%	2,981,216	2,929,109	1,709,352	59.3%	2,884,166
Materials and supplies	346,219	226,588	65.4%	346,219	745,435	275,549	40.5%	680,325
Other Professional Services	62,016	45,227 (E)	72.9%	62,016	57,016	43,644	90.9%	48,013
Depreciation	2,195,568	903,779	41.2%	1,527,801	1,895,000	941,875	61.0%	1,543,732
Interdepartmental charges	110,529	64,463	58.3%	110,529	114,497	66,787	58.3%	114,497
Liability and claims	23,943	4,410 (F)	18.4%	7,555	23,943	4,410	58.4%	7,555
Other	20,300	2,142	10.6%	7,000	13,300	5,731	63.3%	9,060
Total Operating Expenses	5,835,616	2,996,805	51.4%	5,042,336	5,778,300	3,047,348	57.6%	5,287,348
OPERATING INCOME (LOSS)	(261,700)	413,377	258.0%	711,883	(731,952)	192,015	52.8%	363,961
NON-OPERATING REVENUES (LOSS)								
Interest income - Operations	258,000	153,105	59.3%	253,000	254,000	139,996	58.7%	238,595
Gain from sale of fixed assets	80,464	31,925	39.7%	80,464	80,464	-	0.0%	70,015
(Loss) from sale of fixed assets	(4,432)	(4,432)	100.0%	(4,432)	-	-	N/A	-
Miscellaneous revenues	-	-	N/A	-	-	-	0.0%	10,576
Total Non-Operating Revenues (Loss)	334,032	180,598	54.1%	329,032	334,464	139,996	43.9%	319,186
Income (Loss) before transfers	72,332	593,975	821.2%	1,040,915	(397,488)	332,011	48.6%	683,147
TRANSFERS IN	493,320	311,945 (G)	63.2%	493,320	926,350	394,515	42.6%	926,350 (J)
TRANSFERS OUT	(18,078)	(12,483) (H)	69.1%	(18,078)	(19,753)	(14,151)	71.6%	(19,753)
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	547,574	893,437	163.2%	1,516,157	509,109	712,375	44.8%	1,589,744
VEHICLE ACQUISITIONS	(5,499,570)	(1,646,069)	29.9%	(4,500,000)	(3,796,854)	(693,088)	88.0%	(787,987)
ADD: DEPRECIATION	2,195,568	903,779	41.2%	1,527,801	1,895,000	941,875	61.0%	1,543,732
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ (2,756,428)	\$ 151,147	105.5%	\$ (1,456,042)	(1,392,745)	961,162	41.0%	2,345,489
FUEL AND PARTS INVENTORY								
Parts Inventory Purchases	\$ 1,170,000	\$ 767,034	65.6%	\$ 1,248,390	1,266,000	\$ 656,916	50.6%	\$ 1,298,286
Fuel Inventory Purchases	1,600,000	849,917 (I)	53.1%	1,600,000	1,600,000	750,118	50.4%	1,488,863
Total Parts & Fuel Inventory Purchases	\$ 2,770,000	\$ 1,616,951	58.4%	\$ 2,848,390	2,866,000	\$ 1,407,034	50.5%	\$ 2,787,149

(A) The annual budget includes prior year encumbrances budget of \$3,345,365

(B) It is anticipated that some rental income revenues for fleet pool usage will be received by year-end but will not be meeting budget.

(C) Charges for services are up from last year due to higher maintenance and repairs required for the aging fleet. Vehicles are being kept in service past their determined life cycle.

(D) Salaries expenses are under-budget due to the vacancy of 1 Mechanic and 1 Senior Welder.

(E) Includes August 2012 payment of \$41,815 to AssetWorks for annual Fleet Focus server hosting maintenance support.

(F) As of January 2013 there have been no claims for liability under \$50,000. The actual amounts are for liability admin expenses and claims above \$50,000.

(G) Includes transfers of \$275,520 from General Fund to fund operations, \$10,881 from Self-Insurance Fund to fund Police vehicle acquisition, and \$25,544 from Park Equipment Replacement Fund to fund acquisition of lawnmower.

(H) Transferred 100% of budget to Telephone Replacement, Data Communication, and Radio Communication funds in July. Monthly transfers to PC Replacement and Sanitation Operations funds are at 58% of budget.

(I) As of January 31, 2013 the fuel purchases that have been paid are through invoice date January 25, 2013.

Fleet's fuel system has been off-line since late July. Both dispensers are expected to go back on-line in February. This means that the fuel consumption charged to other departments for August through January of FY 12/13 has been based on average usage and not on actual consumption.

(J) Last year there were two transfers for vehicle replacement, \$119,895 from Sewer Fund and \$338,679 from Sanitation Enterprise Fund.

FLEET SERVICES FUND - COMBINED
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

Cash flows from operating activities

Operating income (loss)	\$413,377
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	903,779
Decrease (Increase) in accounts receivable	10,000
Decrease (Increase) in inventory	140,105
(Decrease) Increase in accounts payable	<u>(212,925)</u>

Net cash provided by operating activities \$1,254,336

Cash flows from capital and related financing activities

Capital expenditures	(1,646,069)
Proceeds from sale of fixed assets	<u>33,825</u>

Net cash used by capital and related financing activities (1,612,244)

Cash flows from noncapital financing activities

Operating transfers in	311,945
Operating transfers out	<u>(12,483)</u>

Net cash provided by noncapital financing activities 299,462

Cash flows from investing activities

Interest on investments	<u>153,105</u>
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Net cash provided by investing activities 153,105

Net change in cash 94,659

Cash, and cash equivalents, July 1, 2012 16,188,340

Cash and cash equivalents, January 31, 2013 \$16,282,999

Schedule D-3

FLEET - OPERATIONS AND MAINTENANCE

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY 2013 Annual Budget	Year-To-Date Actual Without Enc.		Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES									
Rental Income	\$ 7,020	\$ -	(A)	0.0%	\$ 200	\$ 7,020	\$ 362	100.0%	362
Charges for services	2,692,980	1,697,590	(B)	63.0%	2,859,986	2,634,800	1,573,510	56.4%	2,790,272
Total Operating Revenues	2,700,000	1,697,590		62.9%	2,860,186	2,641,820	1,573,872	56.4%	2,790,634
OPERATING EXPENSES:									
Salaries and employee benefits	3,077,041	1,750,196	(C)	56.9%	2,981,216	2,929,109	1,709,352	59.3%	2,884,166
Materials and supplies	346,219	226,588		65.4%	346,219	745,435	275,549	40.5%	680,325
Professional Services	62,016	45,227	(D)	72.9%	62,016	57,016	43,644	90.9%	48,013
Interdepartmental charges	110,529	64,463		58.3%	110,529	114,497	66,787	58.3%	114,497
Liability and claims	23,943	4,410	(E)	18.4%	7,555	23,943	4,410	58.4%	7,555
Other	20,300	2,142		10.6%	7,000	13,300	5,731	63.3%	9,060
Total Operating Expenses	3,640,048	2,093,026		57.5%	3,514,535	3,883,300	2,105,473	56.2%	3,743,616
Income (Loss) before transfers	(940,048)	(395,436)		42.1%	(654,349)	(1,241,480)	(531,601)	42.8%	(952,982)
TRANSFERS IN	467,776	275,520		58.9%	467,776	467,776	274,620	58.7%	467,776
TRANSFERS OUT	(18,078)	(12,483)	(F)	69.1%	(18,078)	(19,753)	(14,151)	71.6%	(19,753)
NET INCOME (LOSS) AFTER TRANSFERS	\$ (490,350)	\$ (132,399)		27.0%	\$ (204,651)	\$ (793,457)	\$ (271,132)	53.7%	\$ (504,959)
FUEL AND PARTS INVENTORY									
Parts Inventory Purchases	\$ 1,170,000	\$ 767,034		65.6%	\$ 1,248,390	\$ 1,266,000	\$ 656,916	50.6%	1,298,286
Fuel Inventory Purchases	1,600,000	849,917	(G)	53.1%	1,600,000	1,600,000	750,118	50.4%	1,488,863
Total Parts & Fuel Inventory Purchases	\$ 2,770,000	\$ 1,616,951		58.4%	\$ 2,848,390	\$ 2,866,000	\$ 1,407,034	50.5%	\$ 2,787,149

- (A) It is anticipated that some rental income revenues for fleet pool usage will be received by year-end but will not be meeting budget. Budget will be adjusted for FY2013/14.
- (B) Charges for services are up from last year due to higher maintenance and repairs required for the aging fleet. Vehicles are being kept in service past their determined life cycle.
- (C) Salaries expenses are under-budget due to the vacancy of 1 Mechanic and 1 Senior Welder.
- (D) Includes August 2012 payment of \$41,815 to AssetWorks for annual Fleet Focus server hosting maintenance support.
- (E) As of January 2013 there have been no claims for liability under \$50,000. The actual amounts are for liability admin expenses and claims above \$50,000.
- (F) Transferred 100% of budget to Telephone Replacement, Data Communication, and Radio Communication funds in July. Monthly transfers to PC Replacement and Sanitation Operations funds are at 58% of budget.
- (G) As of January 31, 2013 the fuel purchases that have been paid are through invoice date January 25, 2013. Fleet's fuel system has been off-line since late July. Both dispensers are expected to go back on-line in February. This means that the fuel consumption charged to other departments for August through January of FY 12/13 has been based on average usage and not on actual consumption.

FLEET - OPERATIONS AND MAINTENANCE**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013*****Cash flows from operating activities***

Operating loss	(\$395,436)	
Adjustments to reconcile operating loss to net cash used by operating activities:		
Decrease (Increase) in inventory	140,105	
(Decrease) Increase in accounts payable	<u>(125,262)</u>	
<i>Net cash used by operating activities</i>		(\$380,593)

Cash flows from noncapital financing activities

Operating transfers in	275,520	
Operating transfers out	<u>(12,483)</u>	
<i>Net cash provided by noncapital financing activities</i>		<u>263,037</u>
<i>Net change in cash</i>		(117,556)

Cash, and cash equivalents, July 1, 2012	<u>(1,124,844)</u>
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Cash and cash equivalents, January 31, 2013	<u><u>(\$1,242,400)</u></u>
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Schedule D-5

FLEET - VEHICLE REPLACEMENT FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY 2013 Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 2,873,916	\$ 1,712,592	59.6%	\$ 2,894,033	\$ 2,404,528	\$ 1,665,491	58.2%	\$ 2,860,675
Total Operating Revenues	2,873,916	1,712,592	59.6%	2,894,033	2,404,528	1,665,491	58.2%	2,860,675
OPERATING EXPENSES:								
Depreciation	2,195,568	903,779	41.2%	1,527,801	1,895,000	941,875	61.0%	1,543,732
Total Operating Expenses	2,195,568	903,779	41.2%	1,527,801	1,895,000	941,875	61.0%	1,543,732
OPERATING INCOME (LOSS)	678,348	808,813	119.2%	1,366,232	509,528	723,616	142.0%	1,316,943
NON-OPERATING REVENUES (LOSS)								
Interest Income - Operations	258,000	153,105	59.3%	253,000	254,000	139,996	58.7%	238,595
Gain from sale of fixed assets	80,464	31,925	39.7%	80,464	80,464	-	0.0%	70,015
(Loss) from sale of fixed assets	(4,432)	(4,432)	100.0%	(4,432)	-	-	N/A	-
Miscellaneous Revenues	-	-	N/A	-	-	-	0.0%	10,576
Total Non-Operating Revenues (Loss)	334,032	180,598	54.1%	329,032	334,464	139,996	43.9%	319,186
Income (Loss) before transfers	1,012,380	989,411	97.7%	1,695,264	843,992	863,612	52.8%	1,636,129
TRANSFERS IN	25,544	36,425 (B)	142.6%	25,544	458,574	119,895	26.1%	458,574 (C)
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	1,037,924	1,025,836	98.8%	1,720,808	1,302,566	983,507	47.0%	2,094,703
VEHICLE ACQUISITIONS	(5,499,570)	(1,646,069)	29.9%	(4,500,000)	(3,796,854)	(693,088)	88.0%	(787,987)
ADD: DEPRECIATION	2,195,568	903,779	41.2%	1,527,801	1,895,000	941,875	61.0%	1,543,732
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ (2,266,078)	\$ 283,546	112.5%	\$ (1,251,391)	\$ (599,288)	\$ 1,232,294	43.2%	\$ 2,850,448

(A) The annual budget includes prior year encumbrances budget of \$3,345,365

(B) Transfers of \$10,881 from Self-Insurance Fund to fund Police vehicle acquisition and \$25,544 from Park Equipment Replacement Fund to fund acquisition of lawnmower.

(C) Last year there were two transfers for vehicle replacement, \$119,895 from Sewer Fund and \$338,679 from Sanitation Enterprise Fund.

FLEET - VEHICLE REPLACEMENT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

Cash flows from operating activities

Operating income	\$808,813
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	903,779
Decrease (Increase) in accounts receivable	10,000
(Decrease) Increase in accounts payable	<u>(87,663)</u>

Net cash provided by operating activities \$1,634,929

Cash flows from capital and related financing activities

Capital expenditures	(1,646,069)
Proceeds from sale of fixed assets	<u>33,825</u>

Net cash used by capital and related financing activities (1,612,244)

Cash flows from investing activities

Interest on investments	<u>153,105</u>
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Net cash provided by investing activities 153,105

Net change in cash 212,215

Cash, and cash equivalents, July 1, 2012 17,168,373

Cash and cash equivalents, January 31, 2013 \$17,380,588

SELF-INSURANCE FUND**BALANCE SHEET
JANUARY 31, 2013****ASSETS****January 31, 2013****Current Assets**

Pooled Cash and Investments	\$	6,598,050
Restricted cash		4,295
Total Current Assets		6,602,345

Equipment, Net		10,604
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Total Assets	\$	6,612,949
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LIABILITIES AND FUND EQUITY**Liabilities**

Accounts Payable	\$	15,411
Accrued-Workers' Compensation Claims-Long Term		21,601,994
Accrued-Liability Claims-Long Term		4,801,753

Total Liabilities		26,419,158
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Fund Equity (Deficit)

Retained Earnings (Deficit)		(19,806,209)
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Total Fund Equity (Deficit)		(19,806,209)
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Total Liabilities and Fund Equity (Deficit)	\$	6,612,949
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Schedule E-1

SELF-INSURANCE FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY2013 Annual Budget (A)	FY2013 Year-To-Date Actual Without Enc.	FY2013 Budget % Without Enc.	Projected Actual 06/30/2013	FY2012 Annual Budget	FY2012 Year-To-Date Actual Without Enc.	FY2012 Actual to Actual % Without Enc.	FY2012 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 2,441,746	\$ 1,420,419	58.2%	\$ 2,441,746	\$ 2,392,777	\$ 1,427,477	57.2%	\$ 2,497,103
Total Operating Revenues	2,441,746	1,420,419	58.2%	2,441,746	2,392,777	1,427,477	57.2%	2,497,103
OPERATING EXPENSES								
Salaries and employee benefits	712,700	394,568	55.4%	681,856	765,800	408,953	59.1%	691,541
Materials and supplies	20,995	17,987	85.7%	22,995	20,995	14,676	70.0%	20,971
Other Professional Services	172,741	66,598	38.6%	132,692	165,849	81,198	66.6%	121,851
Depreciation and Amortization	2,400	1,178	49.1%	2,156	-	-	N/A	-
Insurance and claims	3,750,899	2,475,742 (B)	66.0%	4,050,899	3,527,810	2,330,086	62.6%	3,720,132
Interdepartmental charges	19,660	11,466	58.3%	19,660	19,617	11,452	58.4%	19,617
Other	6,800	3,418	50.3%	4,217	6,800	1,800	74.2%	2,425
Total Operating Expenses	4,686,195	2,970,957	63.4%	4,914,475	4,506,871	2,848,165	62.2%	4,576,537
OPERATING INCOME(LOSS)	(2,244,449)	(1,550,538)	69.1%	(2,472,729)	(2,114,094)	(1,420,688)	68.3%	(2,079,434)
TRANSFERS IN	1,363,500	803,102	58.9%	1,363,500	1,163,500	682,974	58.7%	1,163,500
TRANSFERS OUT	(14,558)	(13,802) (C)	94.8%	(14,558)	(4,073)	(2,656)	65.2%	(4,073)
NET INCOME (LOSS)	\$ (895,507)	\$ (761,238)	85.0%	\$ (1,123,787)	\$ (954,667)	\$ (740,370)	80.5%	\$ (920,007)

(A) The annual budget includes prior year encumbrances budget of \$11,020.

(B) Annual insurance premiums and Workers' Comp Assessment were paid at the beginning of the fiscal year. Workers Compensation claims exceeded budget. A program modification requesting an increase in budget will be presented to the Finance Committee on April 9, 2013.

(C) Transfers to Data Communication Replacement Fund and Transfer to Fleet Services are at 100% of budget. Transfers to PC Replacement Fund is at 78% of budget as of January 31, 2013 due to new PC.

SELF-INSURANCE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013****Cash flows from operating activities**

Operating income (loss)	\$ (1,550,538)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Depreciation and Amortization	1,178
Increase (decrease) in accounts payable	(120,661)

Net cash used by operating activities \$ (1,670,021)

Cash flows from noncapital financing activities

Operating transfers in	803,102
Operating transfers out	(13,802)

Net cash provided by noncapital activities 789,300

Net change in cash (880,721)

Cash, and cash equivalents, July 1, 2012 7,483,066

Cash, and cash equivalents, January 31, 2013 \$ 6,602,345

AIRPORT FUND**BALANCE SHEET
JANUARY 31, 2013**

	<u>JANUARY 31, 2013</u>
ASSETS	
Pooled Cash and Investments	\$ 6,110,147
Interest Receivable	26,685
<i>Total Current Assets</i>	6,136,832
Property, Plant and Equipment, net	6,708,720
Total Assets	\$ 12,845,552
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 80,929
Deferred Liabilities	207,906
Accrued Salaries and Benefits	99,826
<i>Total Current Liabilities</i>	388,661
Total Liabilities	388,661
Fund Equity	
Retained Earnings- Reserved	985,186
Retained Earnings- Unreserved	11,471,705
Total Fund Equity	12,456,891
Total Liabilities and Fund Equity	\$ 12,845,552

Schedule F-1

AIRPORT FUND - COMBINED STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/13	FY 2012 Annual Budget	FY 2012 Year-to-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Leased land area rentals	\$ 9,067,100	\$ 4,964,956 (B)	54.8%	\$ 9,007,100	8,724,100	\$ 4,863,743	55.2%	\$ 8,807,915
Hangar and building rentals	2,481,000	1,441,212	58.1%	2,473,930	2,409,000	1,426,165	58.4%	2,443,813
Airfield fees and charges	188,000	95,954	51.0%	163,000	183,000	97,769	59.3%	164,891
Other	14,000	17,722 (C)	126.6%	30,380	464,000	10,323	2.2%	478,909
Total Operating Revenues	11,750,100	6,519,844	55.5%	11,674,410	11,780,100	6,398,000	53.8%	11,895,528
OPERATING EXPENSES								
Salaries and employee benefits	1,553,559	829,857 (D)	53.4%	1,434,955	1,546,759	837,207	57.8%	1,449,149
Materials and supplies	375,994	190,827	50.8%	325,586	317,540	171,579	59.3%	289,491
Other professional services	450,720	214,281 (E)	47.5%	396,000	442,111	187,547	47.6%	393,814
Depreciation and amortization	375,000	217,503	58.0%	374,000	374,659	218,551	58.3%	374,644
Insurance and Claims	28,169	8,204 (F)	29.1%	20,000	28,169	14,700	52.2%	28,152
Inter- Departmental charges	772,787	451,124	58.4%	770,856	798,204	442,571	58.5%	756,620
Payment to City in lieu of taxes	300,000	176,700	58.9%	300,000	300,000	176,098	58.7%	300,000
Leased Land Rental	1,600,000	942,398	58.9%	1,600,000	1,600,000	939,189	58.7%	1,600,000
Bad Debt Expense	25,000	1,296 (G)	5.2%	7,000	25,000	8,056	84.1%	9,581
Other	32,107	11,699 (G)	36.4%	21,000	28,807	4,690	58.2%	8,063
Total Operating Expenses	5,513,336	3,043,889	55.2%	5,249,397	5,461,249	3,000,188	57.6%	5,209,514
OPERATING INCOME (LOSS)	6,236,764	3,475,955	55.7%	6,425,013	6,318,851	3,397,812	50.8%	6,686,014
NON-OPERATING REVENUES								
Interest income - Operations	85,000	61,599 (H)	72.5%	97,830	75,000	56,775	60.7%	93,601
Total Non-Operating Revenues	85,000	61,599	72.5%	97,830	75,000	56,775	60.7%	93,601
NON-OPERATING EXPENSES								
Interest expense	77,000	45,353	58.9%	77,000	102,000	59,873	58.7%	102,000
Income (Loss) Before Transfers	6,244,764	3,492,201	55.9%	6,445,843	6,291,851	3,394,714	50.8%	6,677,615
TRANSFERS OUT	(7,229,950)	(4,642,838) (I)	64.2%	(7,229,950)	(6,634,891)	(4,110,110)	65.6%	(6,263,845)
FROM FUND BALANCE	985,186	580,274	58.9%	784,107	343,040	202,051	N/A	-
NET INCOME (LOSS)	\$ -	\$ (570,363)	N/A	\$ -	\$ -	\$ (513,345)	-124.1%	\$ 413,770

- (A) The annual budget includes prior year encumbrances budget of \$6,369.
- (B) Airport percentage rent from Torrance Airport Hangars is received quarterly. The second quarter \$15,893 rent payment was posted in February 2013. The revenue for non-aeronautical second quarter gross receipts were due in January; however gross receipts totalling \$196,119 were posted in February. If those payments were posted in January, the actual to budget would have been 57.1%
- (C) Other revenues includes increase in meeting room rentals, towing services, and filming fees. Also includes one time \$1,000 payment from Measurement Analysis Corp approved by Council 7/24/12 Item 8I.
- (D) Worker's Comp. Up to 4 years has budget of \$15,000, however; as of January 2013 none has been spent. Budget includes salaries for 2 Public Works Airport Workers with budget of \$176,800. Positions are vacant but being filled by 2 Maintenance Workers with salary budget of \$136,000. The City Treasurer did not charge Airport prior to December 2012 due to employee being on move-up.
- (E) Budget percent is 61.2% if professional services encumbrance of \$61,527 is included in the total.
- (F) Actuals are low because as of January 2013 there have been no claims for liability under \$50,000 or miscellaneous insurance charges.
- (G) The budget for bad debts, membership dues, out-of-town travel, and education/training schools are expected to be under spent at year-end.
- (H) Interest income is higher than projected due to higher cash balance.
- (I) Annual transfers to the Telephone Replacement, Data Communication, and Radio Replacement Funds were posted at 100% of the budget at the beginning of the fiscal year. Monthly transfers to the PC Replacement Fund and to Sanitation are at 58% of budget. The transfer out this year is much higher than last year because there was a transfer out of \$927,470 for capital project I-126 Airport Pavement Maintenance Program approved by Council 5/15/12 Item 12B.
- (J) A one-time \$450,000 payment was received last year as part of the City's agreement to amend the ground lease with LDC Skypark LLC per Council approved item.

Schedule F-2

AIRPORT - AERONAUTICAL STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/13	FY 2012 Annual Budget	FY 2012 Year-to-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Leased land area rentals	\$ 1,489,100	\$ 838,577 (B)	56.3%	\$ 1,429,100	1,436,100	\$ 820,853	56.7%	\$ 1,446,920
Hangar and building rentals	2,481,000	1,441,212	58.1%	2,473,930	2,409,000	1,426,165	58.4%	2,443,813
Airfield fees and charges	188,000	95,954	51.0%	163,000	183,000	97,769	59.3%	164,891
Other Revenues	14,000	17,722 (C)	126.6%	30,380	14,000	10,323	35.7%	28,909
Total Operating Revenues	4,172,100	2,393,465	57.4%	4,096,410	4,042,100	2,355,110	57.7%	4,084,533
OPERATING EXPENSES								
Salaries and employee benefits	1,402,837	749,299 (D)	53.4%	1,287,248	1,401,558	748,092	57.9%	1,291,983
Materials and supplies	375,994	190,827	50.8%	325,586	317,540	171,579	59.3%	289,491
Other Professional services	341,708	168,723 (E)	49.4%	320,000	333,099	144,990	45.5%	318,514
Depreciation and amortization	375,000	217,503	58.0%	374,000	374,659	218,551	58.3%	374,644
Insurance and claims	28,169	8,204 (F)	29.1%	20,000	28,169	14,700	52.2%	28,152
Inter-Departmental charges	742,776	434,474	58.5%	742,776	798,204	442,571	58.5%	756,620
Payment to City in lieu of taxes	300,000	176,700	58.9%	300,000	300,000	176,098	58.7%	300,000
Bad Debt Expense	25,000	1,296 (G)	5.2%	7,000	25,000	8,056	84.1%	9,581
Other	10,500	2,049 (G)	19.5%	4,500	7,200	1,665	63.7%	2,615
Total Operating Expenses	3,601,984	1,949,075	54.1%	3,381,110	3,585,429	1,926,302	57.1%	3,371,600
OPERATING INCOME (LOSS)	570,116	444,390	77.9%	715,300	456,671	428,808	60.1%	712,933
NON-OPERATING EXPENSES								
Interest expense	77,000	45,353	58.9%	77,000	102,000	59,873	58.7%	102,000
Total Non-Operating Expenses	77,000	45,353	58.9%	77,000	102,000	59,873	58.7%	102,000
Income (Loss) Before Transfers	493,116	399,037	80.9%	638,300	354,671	368,935	60.4%	610,933
TRANSFERS OUT	(943,862)	(940,338) (H)	99.6%	(943,862)	(531,143)	(527,253)	99.7%	(528,667)
FROM FUND BALANCE	450,746	265,489	58.9%	305,562	176,472	103,942	N/A	-
NET INCOME (LOSS)	-	(275,812)	N/A	-	\$ -	\$ (54,376)	-66.1%	\$ 82,266

(A) The annual budget includes prior year encumbrances budget of \$6,369.

(B) Airport percentage rent from Torrance Airport Hangars is received quarterly. The second quarter \$15,893 rent payment was posted in February 2013. If included in January 2013, revenues would have been at 57.4%.

(C) Other revenues includes increase in meeting room rentals, towing services, and filming fees. Also includes one time \$1,000 payment from Measurement Analysis Corp approved by Council 7/24/12 Item 8I.

(D) Worker's Comp. Up to 4 years has budget of \$15,000, however; as of January 2013 none has been spent.
Budget includes salaries for 2 Public Works Airport Workers with budget of \$176,800. Positions are vacant but being filled by 2 Maintenance Workers with salary budget of \$136,000.

The City Treasurer did not charge Airport prior to December 2012 due to employee being on move-up.

(E) Budget percent is 67% if professional services encumbrance of \$61,527 is included in the total.

(F) Actuals are low because as of January 2013 there have been no claims for liability under \$50,000 or miscellaneous insurance charges.

(G) The budget for bad debts, membership dues, out-of-town travel, and education/training schools are expected to be under spent at year-end.

(H) Annual transfers to the Telephone Replacement, Data Communication, and Radio Replacement Funds were posted at 100% of the budget at the beginning of the fiscal year. Monthly transfers to the PC Replacement Fund and to Sanitation are at 58% of budget.

The transfer out this year is much higher than last year because there was a transfer out of \$927,470 for capital project I-126 Airport Pavement Maintenance Program approved by Council 5/15/12 Item 12B.

Schedule F-3

AIRPORT - NON-AERONAUTICAL STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/13	FY 2012 Annual Budget	FY 2012 Year-to-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Leased land area rentals	\$ 7,578,000	\$ 4,126,379 (A)	54.5%	\$ 7,578,000	7,288,000	\$ 4,042,890	54.9%	\$ 7,360,995
Other revenues	-	-	N/A	-	450,000	-	0.0%	450,000 (F)
Total Operating Revenues	7,578,000	4,126,379	54.5%	7,578,000	7,738,000	4,042,890	51.8%	7,810,995
OPERATING EXPENSES								
Salaries and employee benefits	150,722	80,558 (B)	53.4%	147,707	145,201	89,115	56.7%	157,166
Other Professional services	109,012	45,558 (C)	41.8%	76,000	109,012	42,557	56.5%	75,300
Leased Land Rental	1,600,000	942,398	58.9%	1,600,000	1,600,000	939,189	58.7%	1,600,000
Inter-Departmental charges	30,011	16,650 (D)	55.5%	28,080	-	-	N/A	-
Other	21,607	9,650	44.7%	16,500	21,607	3,025	55.5%	5,448
Total Operating Expenses	1,911,352	1,094,814	57.3%	1,868,287	1,875,820	1,073,886	58.4%	1,837,914
OPERATING INCOME (LOSS)	5,666,648	3,031,565	53.5%	5,709,713	5,862,180	2,969,004	49.7%	5,973,081
NON-OPERATING REVENUES								
Interest income - Operations	85,000	61,599 (E)	72.5%	97,830	75,000	56,775	60.7%	93,601
Total Non-Operating Revenues	85,000	61,599	72.5%	97,830	75,000	56,775	60.7%	93,601
Income (Loss) Before Transfers	5,751,648	3,093,164	53.8%	5,807,543	5,937,180	3,025,779	49.9%	6,066,682
TRANSFERS OUT	(6,286,088)	(3,702,500)	58.9%	(6,286,088)	(6,103,748)	(3,582,857)	62.5%	(5,735,178)
FROM FUND BALANCE	534,440	314,785	58.9%	478,545	166,568	98,109	N/A	-
NET INCOME (LOSS)	\$ -	\$ (294,551)	N/A	\$ -	\$ -	\$ (458,969)	-138.45%	\$ 331,504

(A) The revenue for second quarter gross receipts were due in January; however gross receipts totalling \$196,119 were posted in February. If posted in January, the actual to budget would have been 57%.

(B) The City Treasurer did not charge Airport prior to December 2012 due to employee being on move-up.

(C) Professional/Technical service, legal service and special contract services is budgeted for \$36,512, however, only \$2,856 has been spent to date. Expenditures of \$42,702 represents utility charges, which is at 58.9% of budget.

(D) In previous years inter-departmental charges was budgeted in Aeronautical only. This year Non-Aeronautical received its own budget for these charges.

(E) Interest income is higher than projected due to higher cash balance.

(F) A one-time \$450,000 payment was received last year as part of the City's agreement to amend the ground lease with LDC Skypark LLC per Council approved item.

AIRPORT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

Cash flows from operating activities

Operating income	\$ 3,475,955	
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	217,503	
(Increase) Decrease in accounts receivable	259,844	
Increase (Decrease) in accounts payable	10,758	
Net cash provided by operating activities		3,964,060

Cash flows from capital and related financing activities

Capital project expenditures	(16,498)	
Interest expense	(45,353)	
Net cash used by capital and related financing		(61,851)

Cash flows from noncapital financing activities

Operating transfer out	(4,642,838)	
Transfer from operations to capital	927,470	
Net cash used by noncapital financing activities		(3,715,368)

Cash flows from investing activities

Interest on investments	61,599	
Net cash provided by investing activities		61,599

Net change in cash

248,440

Cash and cash equivalents, July 1, 2012

5,861,707

Cash and cash equivalents, January 31, 2013

\$ 6,110,147

TRANSIT FUND**BALANCE SHEET
JANUARY 31, 2013**

	<u>January 31, 2013</u>
ASSETS	
Pooled Cash and Investments	\$ 8,877,320
Accounts Receivable	5,227
Accrued interest receivable	42,910
Inventory	999,591
Due from other Governments	1,000
Total Current Assets	9,926,048
Property, Plant and Equipment, net	24,787,076
Total Assets	\$ 34,713,124
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 181,452
Accrued Salaries and Benefits	1,121,230
Total Current Liabilities	1,302,682
Deferred Liability	4,362,795
Total Liabilities	5,665,477
Fund Equity	
Retained Earnings - Reserved	1,469,365
Retained Earnings - Unreserved	27,578,282
Total Fund Equity	29,047,647
Total Liabilities and Fund Equity	\$ 34,713,124

TRANSIT FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

Schedule G-1

	FY 2013 Annual Budget	FY 2013 Year-to-date Actual Without Enc.	FY 2013 Budget % Without Enc.	Projected Actual 06/30/2013	FY 2012 Annual Budget	FY 2012 Year-to-date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total	
OPERATING REVENUES									
Passenger cash fares	\$ 3,471,200	\$ 1,788,627	51.5%	\$ 3,270,978	\$ 3,471,200	\$ 1,761,157	54.0%	\$ 3,260,304	
Advertising	150,000	75,231 (A)	50.2%	150,000	150,000	81,870	51.3%	159,523	
Gain from sale of fixed assets	-	-	N/A	-	-	-	0.0%	45,250	
Miscellaneous	830	137,916 (B)	16616.4%	137,916	830	20,111	41.1%	48,939 (O)	
Total Operating Revenues	3,622,030	2,001,774	55.3%	3,558,894	3,622,030	1,863,138	53.0%	3,514,016	
NON-OPERATING REVENUES									
Transportation Development Act (TDA)	4,932,221	2,466,113 (C)	50.0%	4,932,221	4,644,999	2,186,339	47.4%	4,614,875	
5% Security	184,485	107,177	58.1%	184,485	158,558	92,492	63.7%	145,181	
Proposition A Discretionary	3,683,707	2,148,829	58.3%	3,683,707	3,574,087	2,084,884	58.3%	3,574,087	
Prop 1B-Security	115,470	- (D)	0.0%	115,470	-	-	0.0%	2,501	
Prop 1B-Security Bridge	46,228	- (D)	0.0%	46,228	-	-	N/A	-	
Rapid Bus	750,000	- (E)	0.0%	750,000	-	-	N/A	-	
Express Lane	800,000	- (F)	0.0%	800,000	-	-	N/A	-	
Prop 1B-PTMISEA	-	-	N/A	-	-	286,531	37900.9%	756	
Federal Grant	-	55,523 (G)	N/A	55,523	-	-	0.0%	198,685	
Prop. C Disc. - Svc Exp (TSE)	297,195	173,364	58.3%	297,195	281,797	164,382	58.3%	281,797	
Prop. C Disc. - Foothill Transit Mitigation	149,381	87,139	58.3%	149,381	154,445	90,093	58.3%	154,445	
Prop. C - Base Restructuring	658,328	384,025	58.3%	658,328	644,535	375,979	58.3%	644,535	
Prop. C - BSIP Overcrowding	218,505	127,461	58.3%	218,505	213,927	124,791	58.3%	213,927	
Measure R	2,002,857	1,168,333	58.3%	2,002,857	2,105,081	1,227,964	58.3%	2,105,081	
Prop. A - Torrance Dial-a-Taxi	180,000	110,849	61.6%	180,000	180,000	90,540	50.3%	180,000	
Prop. A - Local Return	1,963,136	1,208,950	61.6%	1,963,136	1,880,708	997,276	49.7%	2,007,808	
Prop. A - Exchange	152,022	100,000	65.8%	152,022	600,000	600,000	100.0%	600,000	
Prop. A - Interest	-	-	N/A	-	-	-	N/A	-	
State Transit Assistance Fund	1,148,147	342,328 (H)	29.8%	1,369,313	878,094	219,524	25.0%	878,547	
From Other Cities-Dial A Taxi	50,000	20,224 (I)	40.4%	65,000	50,000	17,296	27.9%	62,017	
Municipal Operators Service Program	1,092,601	653,351	59.8%	1,092,601	1,039,500	-	0.0%	14,553 (P)	
Capital Maintenance Revenues	2,250,000	- (J)	0.0%	2,250,000	2,250,000	-	0.0%	2,250,000	
Interest	83,500	43,277	51.8%	70,000	90,000	51,110	77.2%	66,174	
Total Non-Operating Revenues	20,757,783	9,196,943	44.3%	21,035,972	18,745,731	8,609,201	47.8%	17,994,969	
Total Revenues / Resources	24,379,813	11,198,717	45.9%	24,594,866	22,367,761	10,472,339	48.7%	21,508,985	
OPERATING EXPENSES									
Salaries and employee benefits	14,713,512	7,464,628 (K)	50.7%	12,819,690	13,464,260	7,251,430	57.9%	12,515,632	
Services and supplies	4,101,967	1,661,246	40.5%	3,227,632	3,127,939	1,765,491	56.4%	3,127,600	
Other professional services	2,174,465	1,193,386	54.9%	1,827,376	2,075,622	747,843	41.6%	1,797,392	
Depreciation and amortization	3,331,089	1,432,475	43.0%	3,054,380	3,178,580	1,755,531	55.2%	3,178,577	
Insurance and Claims	371,252	243,533	65.6%	621,252	311,252	170,680	55.2%	309,146	
Interdepartmental charges	3,101,007	1,716,824 (L)	55.4%	2,943,126	2,918,278	1,528,860	58.0%	2,637,307	
Other	77,000	74,290 (M)	96.5%	82,500	77,000	47,523	61.7%	77,000	
Total Expenses	27,870,292	13,786,382	49.5%	24,575,956	25,152,931	13,267,358	56.1%	23,642,654	
Income (Loss) before transfers	(3,490,479)	(2,587,665)	74.1%	18,910	(2,785,170)	(2,795,019)	131.0%	(2,133,669)	
OPERATING TRANSFERS IN - Prop C	1,201,978	707,965	58.9%	1,201,978	754,000	523,167	225.0%	232,547	
OPERATING TRANSFERS OUT	(35,471)	(28,457) (N)	80.2%	(35,471)	(39,695)	(32,639)	82.2%	(39,695)	
Income (Loss) after Operating Transfers	(2,323,972)	(1,908,157)	82.1%	1,185,417	(2,070,865)	(2,304,491)	118.7%	(1,940,817)	
ADD: DEPRECIATION	3,331,089	1,432,475	43.0%	3,054,380	3,178,580	1,755,531	55.2%	3,178,577	
NET INCOME (LOSS) BEFORE CAPITAL ACQUISITIONS	\$ 1,007,117	\$ (475,682)	-47.2%	\$ 4,239,797	\$ 1,107,715	\$ (548,960)	-44.4%	\$ 1,237,760	
ADD: Contributed Capital Received for Capital Acquisitions		2,418,411	N/A	2,418,411		10,113,207	N/A	10,170,857	
LESS: Capital Acquisitions		(5,188,599)	N/A	(5,188,599)		(11,992,227)	N/A	(12,244,853)	
ADD: Measure R - Capital		296,470	N/A	296,470		-	N/A	-	
ADD: Prop 1B-PTMISEA		2,387,031	N/A	2,387,031		456,236	N/A	456,236	
ADD: Prop 1B-PTMISEA Interest		51,182	N/A	51,182		-	N/A	-	
ADD: Prop A Discretionary from reserves		10,839	N/A	10,839		580,116	N/A	580,116	
ADD: Municipal Operators Service Program		-	N/A	-		606,375	N/A	637,880 (P)	
ADD: Prop 1B-Security		-	N/A	-		-	N/A	163,471	
ADD: Local Match Transport. Develop. Act		-	N/A	-		136,160	N/A	136,160	
ADD: Local Match State Transit Assist from reserves		24,666	N/A	24,666		100,133	N/A	100,133	
NET INCOME (LOSS) AFTER CAPITAL ACQUISITIONS	\$ 1,007,117	\$ (475,682)	N/A	\$ 4,239,797	\$ 1,107,715	\$ (548,960)	N/A	\$ 1,237,760	
PARTS AND FUEL INVENTORY PURCHASES									
Parts Inventory Purchases	405,724	303,798	74.9%	627,679	651,234	264,625	40.6%	651,230	
Fuel Inventory Purchases	2,360,000	788,309	33.4%	1,900,000	2,114,490	961,042	51.3%	1,872,668	
Lubricants Inventory Purchases	61,440	26,861	43.7%	61,440	61,440	28,975	47.8%	60,622	
Total Parts & Fuel Inventory Purchases	2,827,164	1,118,968	39.6%	2,589,119	2,827,164	1,254,642	48.5%	2,584,520	

(A) 1st & 2nd Qtr revenues have been received. Actual revenues are received after the end of each quarter.

(B) \$132K recovery claims received from casualty company in Nov 2012.

(C) Jan revenue for \$411,018 was received in Feb. If recorded in Jan, the percentage of actual to budget would be 58%

(D) Prop 1B Security for \$115,470 was received in Feb 2013. Transit will invoice MTA for Prop 1B Security Bridge portion.

(E) Grant CA-95-X146 will be used to fund the operating expenses. The FTA/Local split is 80%/20%. Drawdown request will be submitted when there are actual expenses incurred.

(F) Grant CA-95-X203 will be used to fund the operating expenses. There is no local match needed. Drawdown request will be submitted when there are actual expenses incurred.

(G) Federal Grant Revenues are used to fund operating expenses.

(H) STA Revenues are received after the end of each quarter. 2nd Qtr revenues have not been received yet.

(I) Transit will prepare the 2nd Qtr billing to City of Lomita.

(J) Funding subject to federal approval and anticipated to be received towards fiscal year-end.

(K) Salary charges are at 50.7% of budget due to the following vacancies, 3 Transit Supervisors, Transit Dispatcher, Storekeeper, 3 Mechanics, 10 Bus operators,

8.5 Relief Bus operators (part-time), Senior Mechanic and Admin Analyst.

(L) Interdepartmental charges are lower than budgeted due to indirect cost calculation expense, which is based on salary.

(M) Out of town travel expenses for \$24,565 were related to the CNG buses purchase and reimbursement was received from Grant CA-90-Y949.

Out of town travel expenses for \$5,249 were related to the AVL project purchase and will be reimbursed from Grant CA-90-Y105.

Budget will be transferred from Other Professional Services to cover expenses through year-end.

(N) Annual transfers to the Telephone Replacement, Data Communications and Radio Replacement Funds were posted at 100% of the budget at the beginning of the fiscal year.

Monthly transfers to PC Replacement Fund and to Sanitation are at 58% of budget.

(O) Prior year amount represents recovery claims received from casualty company.

(P) Municipal Operators Service Program Revenues of \$637,880 were expended for Capital Acquisitions and \$387,067 was deferred for future capital expenditures.

TRANSIT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

Cash flows from operating activities

Operating loss	\$ (11,784,608)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation and amortization	1,432,475
Decrease (Increase) in advances receivables	(3,553)
Decrease (Increase) in misc receivables	77,953
Decrease (Increase) in inventory	57,426
Decrease (Increase) in due from governments	3,180,803
Decrease (Increase) in prepayments	700
Increase (Decrease) in accounts payable	(278,125)
Increase (Decrease) in accrued liabilities	(141,998)
Increase (Decrease) in deferred liability	<u>(2,421,356)</u>
Net cash used by operating activities	\$ (9,880,283)

Cash flows from capital and related financing activities

Capital expenditures	(5,188,599)
Contributed capital received	2,418,411
Measure R Capital	296,470
Prop 1B-Public Transp. Modernization Imprv. & Svc.	2,387,031
Prop 1B-Public Transp. Modernization Imprv. & Svc. - Interest	<u>51,182</u>
Net cash used by capital and related financing activities	(35,505)

Cash flows from noncapital financing activities

Operating transfers in (out)	679,508
Operating grants received	<u>9,196,943</u>
Net cash provided by noncapital financing activities	<u>9,876,451</u>
Net change in cash	(39,337)

Cash, restricted cash and cash equivalents, July 1, 2012	<u>8,916,657</u>
Cash, restricted cash and cash equivalents, January 31, 2013	<u><u>\$ 8,877,320</u></u>

MUNICIPAL AREA EXPRESS (MAX)**BALANCE SHEET
JANUARY 31, 2013**

	<u>January 31, 2013</u>
ASSETS	
Pooled Cash and Investments	\$ 451,019
Accrued interest receivable	3,294
<i>Total Current Assets</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">454,313</div>
Total Assets	\$ 454,313
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ -
<i>Total Current Liabilities</i>	<div style="border: 1px solid black; display: inline-block; padding: 2px;">-</div>
Fund Equity	
Retained Earnings - Reserved	454,313
Total Fund Equity	<div style="border: 1px solid black; display: inline-block; padding: 2px;">454,313</div>
Total Liabilities and Fund Equity	\$ 454,313

Schedule G-4

MUNICIPAL AREA EXPRESS (MAX)
STATEMENT OF REVENUES & EXPENDITURES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	FY2013	FY2013			FY 2012	FY 2012	FY 2012	FY 2012
	Annual	Year-To-Date	Budget	Projected	Annual	Year-to-date	Actual to	FY 2012
	Budget	Actual	%	Actual	Budget	Actual	Actual %	Prior Year
		Without Enc.	Without Enc.	6/30/2013		Without Enc.	Without Enc.	Total
Revenues:								
Passenger cash fares	\$ 175,278	\$ 95,733	54.6%	\$ 139,880	\$ 198,021	\$ 130,082	87.9%	\$ 148,018
Intergovernmental	437,748	255,353	58.3%	437,748	437,748	255,353	58.3%	437,748
Use of money and property	-	5,700	N/A	8,644	-	9,469	72.0%	13,155
Total revenues	613,026	356,786	58.2%	586,272	635,769	394,904	65.9%	598,921
Expenditures:								
Current:								
Salaries & Benefits	16,200	6,723 (A)	41.5%	11,777	16,200	5,894	54.6%	10,794
Materials & Supplies	4,500	375	8.3%	2,000	4,500	3,100	86.4%	3,587
Professional & contract services	1,126,539	553,406 (B)	49.1%	1,126,539	1,094,287	540,047	50.0%	1,081,160
City Charges	3,348	1,448	43.2%	2,544	3,072	1,143	54.6%	2,093
Total expenditures	1,150,587	561,952	48.8%	1,142,860	1,118,059	550,184	50.1%	1,097,634
Contributions from other cities	537,561	205,166 (C)	38.2%	537,561	482,290	369,224	75.4%	489,797
From Reserved - Operating	-	-	0.0%	19,027	-	-	0.0%	8,916
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	N/A	\$ -	\$ -	\$ 213,944	N/A	\$ -

- (A) These are salary charges for customer service representative. Budget includes portion of the administrative analyst's salary, totaling \$3,985 and this position is currently vacant.
- (B) Invoices from MV Transportation for December in the approximate amount of \$92,000 will be paid in February. If included above, the percentage of actual to budget would be 57%.
- (C) FY12-13 MAX operating budget will require no contributions from the participating agencies. This was approved by MAX Policy Steering Committee as part of the FY 2012-13 operating budget adoption that occurred at the June 4, 2012 MAX Policy Steering Committee meeting. Expenses will be funded from reserve.

MUNICIPAL AREA EXPRESS (MAX)
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

Cash flows from operating activities

Operating loss	\$ (205,166)
Adjustments to reconcile operating loss to net cash used by operating activities	
Decrease (Increase) in due from governments	17,897
Increase (Decrease) in accounts payable	<u>(89,578)</u>

Net cash used by operating activities \$ (276,847)

Cash, restricted cash and cash equivalents, July 1, 2012 727,866

Cash, restricted cash and cash equivalents, January 31, 2013 \$ 451,019

WATER FUND**BALANCE SHEET****January 31, 2013**

	January 31, 2013
ASSETS	
Pooled Cash and Investments	\$ 8,069,542
Accounts Receivable	3,551,541
Accrued Interest Receivable	33,521
Inventories	460,003
Total Current Assets	12,114,607
Restricted cash and investments	
Pooled cash and investments	538,180
Total Restricted Cash	538,180
Utility plant in service, net	68,011,291
Advances to other funds	1,154,432
Total Assets	\$ 81,818,510
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 3,193,834
Accrued Salaries and Benefits	379,039
Retainage Payable	131,204
Deposits Payable	30,570
Revenue bonds due within one year	570,000
Total Current Liabilities	4,304,647
Noncurrent Portion of revenue bonds outstanding	620,000
Easement	1,452,900
Total Liabilities	6,377,547
Fund Equity	
Retained Earnings - Unreserved	75,440,963
Total Fund Equity	75,440,963
Total Liabilities and Fund Equity	\$ 81,818,510

WATER FUND OPERATIONS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget(A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/13	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Water Sales	\$ 33,830,000	\$ 18,494,461	54.7%	\$ 34,168,300	\$ 31,472,000	\$ 17,607,904	54.1%	\$ 32,538,639
Other	1,237,000	636,950	51.5%	1,245,000	1,429,055	649,610	43.5%	1,493,875
Total Operating Revenues	35,067,000	19,131,411 (B)	54.6%	35,413,300	32,901,055	18,257,514	53.6%	34,032,514
OPERATING EXPENSES:								
Salaries and employee benefits	5,297,878	2,811,218 (C)	53.1%	5,191,920	4,843,812	2,706,117	56.7%	4,770,869
Services and supplies	1,859,523	882,318	47.4%	1,785,142	1,537,463	898,736	62.4%	1,440,966
Other professional services	1,106,434	383,131	34.6%	1,051,112	855,340	466,890	54.6%	855,324
Depreciation and amortization	1,248,430	735,325	58.9%	1,248,430	1,312,000	703,507	53.7%	1,311,086
Insurance and claims	92,109	43,389	47.1%	78,948	92,109	35,323	64.0%	55,165
In Lieu franchise payments	718,000	422,902	58.9%	718,000	718,000	422,902	58.9%	718,000
Interdepartmental charges	1,163,135	618,299	53.2%	1,104,000	1,034,235	577,601	57.5%	1,004,776
Capital Outlay	-	-	N/A	-	-	11,247	37.0%	30,389
Cost of water	22,265,950	12,769,298	57.3%	21,975,000	20,598,000	11,381,722	55.3%	20,591,517
Others	72,275	26,596	36.8%	57,375	122,274	12,079	13.3%	90,592
Total Operating Expenses	33,823,734	18,692,476	55.3%	33,209,928	31,113,233	17,216,124	55.8%	30,868,684
OPERATING INCOME (LOSS)	1,243,266	438,935	35.3%	2,203,372	1,787,822	1,041,390	32.9%	3,163,830
NON-OPERATING REVENUES								
Interest income - Operations	120,000	89,455	74.5%	150,000	75,000	80,193	54.9%	146,001
Total Non-Operating Revenues	120,000	89,455	74.5%	150,000	75,000	80,193	54.9%	146,001
NON-OPERATING EXPENSES								
Interest expense	46,800	11,586 (D)	24.8%	46,800	74,300	16,086	21.7%	74,003
Total Non-Operating Expenses	46,800	11,586	24.8%	46,800	74,300	16,086	21.7%	74,003
Income (Loss) before transfers	1,316,466	516,804	39.3%	2,306,572	1,788,522	1,105,497	34.2%	3,235,828
TRANSFERS OUT	(616,096)	(611,438) (E)	99.2%	(616,096)	(386,401)	(283,233)	73.6%	(384,620)
NET INCOME (LOSS)	\$ 700,370	\$ (94,634)	-113.5%	\$ 1,690,476	\$ 1,402,121	\$ 822,264	28.8%	\$ 2,851,208

(A) Annual Budget includes prior year encumbrances budget of \$10,399.

(B) Revenue accrual for FY2011-12 in the amount of \$2,538,241 was reversed in July 2012.

(C) There were two Water Technician III vacant positions. Annual overtime budget of \$275,200 is at 31% spent as of January 2013.

(D) Bond interest expense payments are due on September 1st and March 1st of each year.

(E) Annual budget includes an appropriation of \$500,000 to project I-74, Water Main Replacement and \$100,000 to project I-108, North Torrance Well Field per 12/8/12 Council item 12A. Transfers to PC Replacement fund are recorded on monthly basis, transfer to all other replacement funds are recorded 100% at the start of the fiscal year.

WATER FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013

Cash flows from operating activities

Operating income (loss)	\$ 438,935	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	735,325	
(Increase) Decrease in accounts receivable	2,934,768	
(Increase) Decrease in inventory	24,882	
Increase (Decrease) in accounts payable	(1,448,191)	
Increase (Decrease) in deposits	4,000	
Increase (Decrease) in accrued liabilities	(628,599)	
Increase (Decrease) in Retention	24,319	
Increase (Decrease) in Interest on Revenue Bonds due within one year	(17,767)	
Net cash provided by operating activities	<u>\$ 2,067,672</u>	

Cash flows from capital and related financing activities

Capital expenditures	(945,072)	
Interest and related costs paid on revenue bonds	(11,586)	
Payment on easement	(290,580)	
Net cash used by capital and related financing		(1,247,238)

Cash flows from noncapital financing activities

Operating transfers out	(611,438)	
Transfer from Operations to Capital	599,571	
Net cash used by noncapital financing activities		(11,867)

Cash flows from investing activities

Interest on investments	89,455	
Net cash provided by investing activities		89,455

Net change in cash 898,022

Cash, restricted cash and cash equivalents, July 1, 2012 7,709,700

Cash, restricted cash and cash equivalents, January 31, 2013 \$ 8,607,722

EMERGENCY MEDICAL SERVICES FUND**BALANCE SHEET
JANUARY 31, 2013****January 31, 2013****ASSETS****Current Assets**

Pooled Cash and Investments

\$ -

Total Current Assets

-

Property, Plant and Equipment, net

40,524

Total Assets

\$ 40,524

LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable

\$ 1,611

Total Liabilities

1,611

Fund Equity

Retained Earnings

38,913

Total Fund Equity

38,913

Total Liabilities and Fund Equity

\$ 40,524

Schedule I-1

EMERGENCY MEDICAL SERVICES FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/13	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
PM ALS Resp and Transport Fees	\$ 850,000	\$ 484,693 (B)	57.0%	\$ 959,386	\$ 830,000	\$ 464,984	48.9%	\$ 951,562
PM ALS Assess/Transport w/o Paramedic	650,000	503,291 (C)	77.4%	837,023	600,000	341,383	43.5%	785,509
Medical Resupply Fee	160,000	83,122 (D)	52.0%	169,341	160,000	67,577	40.4%	167,392
Paramedic Medical Facility Fee	120,000	49,324 (E)	41.1%	103,034	120,000	67,428	57.2%	117,892
Total Operating Revenues	1,780,000	1,120,430	62.9%	2,068,784	1,710,000	941,372	46.5%	2,022,355
OPERATING EXPENSES:								
Salaries and employee benefits	9,932,187	5,912,335	59.5%	9,969,222	9,803,494	5,690,588	58.0%	9,803,494
Services and supplies	326,004	165,121	50.6%	290,000	286,358	160,910	56.2%	286,358
Other professional services	16,031	13,004	81.1%	15,000	14,715	12,231	83.1%	14,715
Depreciation and amortization	12,235	7,137	58.3%	12,235	12,235	7,137	58.3%	12,235
Capital Outlay	-	-	N/A	-	1,582	-	0.0%	1,582
Others	15,000	9,979 (F)	66.5%	15,000	21,659	9,286	42.9%	21,659
Total Operating Expenses	10,301,457	6,107,576	59.3%	10,301,457	10,140,043	5,880,152	58.0%	10,140,043
OPERATING INCOME (LOSS)	(8,521,457)	(4,987,146)	58.5%	(8,232,673)	(8,430,043)	(4,938,780)	60.8%	(8,117,688)
Income (Loss) before transfers	(8,521,457)	(4,987,146)	58.5%	(8,232,673)	(8,430,043)	(4,938,780)	60.8%	(8,117,688)
OPERATING TRANSFERS IN	9,152,800	5,310,610	58.0%	8,882,673	8,975,199	5,268,442	60.7%	8,683,856
OPERATING TRANSFERS OUT	(650,000)	(382,850) (G)	58.9%	(650,000)	(566,168)	(332,341)	58.7%	(566,168)
FROM FUND BALANCE	18,657	-	0.0%	-	21,012	-	N/A	-
NET INCOME (LOSS)	\$ -	\$ (59,386)	N/A	\$ -	\$ -	\$ (2,679)	N/A	\$ -

(A) The annual budget includes prior year encumbrances budget of \$1,422.

(B) The number of assessment transports has been running lower than the prior year. Revenues are higher than the prior year due to more timely submission of revenue by Gerber Ambulance. They upgraded their software late in the prior fiscal year.

(C) The current year monthly revenue is averaging \$71,900 compared to \$48,800 in the prior year. Assessments are up 9% from the prior year and Gerber Ambulance is making more timely revenue submissions. Prior year December receipts from Gerber Ambulance totaled only \$8,700.

(D) Medical resupply fees represent six months of collections compared to five months in the prior year.

(E) Paramedic Medical Facility Fee revenue is down from the prior year despite a fee increase. Current year billing receipts total 146 compared to 203 in the prior year.

(F) Other expenses are expended as needed for new accreditation, recertification and other training of paramedics. Amount includes El Camino Community College tuition for two fire fighters.

(G) Transfers out represent PM ALS Assess/Transport w/o Paramedic revenues transferred to the General Fund.

EMERGENCY MEDICAL SERVICES FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013****Cash flows from operating activities**

Operating loss	\$	(4,987,146)	
Adjustments to reconcile operating loss to net cash used by operating activities			
Depreciation and amortization		7,137	
(Increase) Decrease in accounts receivable		126,625	
Increase (Decrease) in accounts payable		(11,584)	
Increase (Decrease) in accrued liabilities		(114)	
Increase (Decrease) in to due to other funds		(62,678)	
Net cash used by operating activities			\$ (4,927,760)

Cash flows from noncapital financing activities

Operating transfers in	5,310,610	
Operating transfers out	(382,850)	
Net cash provided by noncapital financing activities		<u>4,927,760</u>

Net change in cash -

Cash, restricted cash and cash equivalents, July 1, 2012 -

Cash, restricted cash and cash equivalents, January 31, 2013 -

SANITATION ENTERPRISE FUND***BALANCE SHEET******January 31, 2013******January 31, 2013******ASSETS******Current Assets***

Pooled Cash and Investments	\$	(1,121,977)
Accounts Receivable		497,748
Total Current Assets		(624,229)

Total Assets	\$	(624,229)
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LIABILITIES AND FUND EQUITY***Current Liabilities***

Accounts Payable	\$	25,497
Accrued Salaries and Benefits		377,784
Total Liabilities		403,281

Fund Equity

Retained Earnings - Deficit		(1,027,510)
Total Fund Equity		(1,027,510)

Total Liabilities and Fund Equity	\$	(624,229)
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SANITATION ENTERPRISE FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/13	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Refuse fee revenue	\$ 8,398,435	\$ 3,620,524 (B)	43.1%	\$ 8,062,000	\$ 7,918,845	\$ 4,104,450	50.9%	\$ 8,061,586
Recycling fee revenue	1,662,200	725,975 (C)	43.7%	1,820,194	1,611,750	871,446	47.3%	1,843,731
AB 939 fee revenue	720,000	292,099 (D)	40.6%	735,000	720,000	381,163	50.9%	748,541
Total Operating Revenues	10,780,635	4,638,598	43.0%	10,617,194	10,250,595	5,357,059	50.3%	10,653,858
OPERATING EXPENSES:								
Salaries and employee benefits	4,345,024	2,463,202	56.7%	4,263,734	4,056,407	2,286,350	57.6%	3,968,035
Services and supplies	3,868,442	2,698,937 (E)	69.8%	3,868,442	4,089,281	1,797,615	45.1%	3,985,373
Depreciation and amortization	12,500	7,248	58.0%	12,500	23,600	7,248	58.3%	12,426
Other professional services	2,595,002	1,026,461	39.6%	2,080,252	2,203,386	1,102,459	50.3%	2,192,883
Insurance and claims	187,374	61,021 (F)	32.6%	115,562	187,374	43,855	58.3%	75,174
Interdepartmental charges	740,085	396,326	53.6%	692,677	735,801	414,035	57.8%	716,062
Others	30,515	11,841 (G)	38.8%	24,460	59,585	2,304	4.0%	57,042
Total Operating Expenses	11,778,942	6,665,036	56.6%	11,057,627	11,355,434	5,653,866	51.4%	11,006,995
OPERATING INCOME (LOSS)	(998,307)	(2,026,438)	203.0%	(440,433)	(1,104,839)	(296,807)	84.0%	(353,137)
NON-OPERATING REV (EXP)								
Interest income (expense)	5,000	(6,250) (H)	-225.0%	3,000	15,000	(257)	-9.9%	2,586
Total Non-Operating Revenues (Expense)	5,000	(6,250)	-225.0%	3,000	15,000	(257)	-9.9%	2,586
Income (Loss) before transfers	(993,307)	(2,032,688)	204.6%	(437,433)	(1,089,839)	(297,064)	84.7%	(350,551)
TRANSFERS IN	167,293	97,594	58.3%	167,293	162,043	92,918	57.3%	162,043
TRANSFERS OUT	(123,303)	(68,198) (I)	55.3%	(123,303)	(458,311)	(70,825)	15.5%	(458,311) (I)
FROM FUND BALANCE	949,317	-	0.0%	-	1,386,107	274,971	42.5%	646,819
NET INCOME (LOSS)	\$ -	\$ (2,003,292)	N/A	\$ (393,443)	\$ -	\$ -	N/A	\$ -

(A) The annual budget includes prior year encumbrances budget of \$269,684.

(B) Revenue accrual for FY2011-12 for \$649,843 was reversed in July 2012. Approximately \$400,000 of refuse revenues for rubbish only customers were not billed by January 2013.

(C) Revenue accrual for FY2011-12 for \$80,924 was reversed in July 2012. Beverage container redemption revenue of \$97,061 was received in February 2013. Approximately \$50,000 recycling revenues for rubbish only customers were not billed by January 2013.

(D) Revenue accrual for FY2011-12 for \$11,035 was reversed in July 2012. First quarter private hauler fees of \$59,467 were received in February 2013. Approximately \$10,000 waste management revenues for rubbish only customers were not billed by January 2013.

(E) The actual expense includes purchase of automated containers for \$500,176.

(F) There were no claims for Insurance Claims Under \$50,000 as of January 2013.

(G) Bad debts with a budget of \$19,160 has been spent only 20% as of January 2013.

(H) Interest income is negative due to negative cash balance.

(I) Transfers to PC Replacement fund are recorded on a monthly basis. Transfers to all other replacement funds are recorded 100% at the start of the fiscal year. Total transfers out for FY2011-12 includes transfer to vehicle replacement fund of \$338,679 for the purchase of 1 CNG fueled refuse truck.

SANITATION ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013

Cash flows from operating activities

Operating income (loss)	\$ (2,026,438)	
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Depreciation and amortization	7,248	
(Increase) Decrease in accounts receivable	1,176,141	
Increase (Decrease) in due to other funds	(308,266)	
Increase (Decrease) in accounts payable	(183,086)	
<i>Net cash used by operating activities</i>	<u>\$ (1,334,401)</u>	

Cash flows from capital and related financing activities

Capital transfer from operations	64,478	
Capital expenditures	(28,607)	
<i>Net cash provided by capital and related financing</i>		35,871

Cash flows from noncapital financing activities

Operating transfers in	97,594	
Operating transfers out	(68,198)	
<i>Net cash provided by non-capital financing activities</i>		29,396

Cash flows from investing activities

Interest income (expense)	(6,250)	
<i>Net cash used by investing activities</i>		(6,250)

Net change in cash (1,275,384)

Cash, restricted cash and cash equivalents, July 1, 2012 153,407

Cash, restricted cash and cash equivalents, January 31, 2013 \$ (1,121,977)

CULTURAL ARTS CENTER ENTERPRISE FUND**BALANCE SHEET
JANUARY 31, 2013**

	<u>January 31, 2013</u>
ASSETS	
Pooled Cash and Investments	\$ 44,650
Accounts Receivable	16,382
Total Current Assets	61,032
 Machinery and Equipment, net	 475,820
Total Assets	\$ 536,852
 LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 172,836
Accrued salaries and benefits	87,321
Total Liabilities	260,157
 Fund Equity	
Reserved Retained Earnings	181,167
Unreserved Retained Earnings	95,528
Total Fund Equity	276,695
 Total Liabilities and Fund Equity	 \$ 536,852

CULTURAL ARTS CENTER ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/13	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Charges for rental	\$ 757,090	\$ 368,267	48.6%	\$ 681,198	\$ 757,090	\$ 347,217	52.4%	\$ 662,396
Charges for services	404,400	181,591	44.9%	383,405	404,400	160,606	42.7%	375,887
Total Operating Revenues	1,161,490	549,858 (A)	47.3%	1,064,603	1,161,490	507,823	48.9%	1,038,283
OPERATING EXPENSES:								
Salaries and employee benefits	1,491,036	804,824 (B)	54.0%	1,445,126	1,500,522	860,594	57.4%	1,500,521
Materials and supplies	125,358	43,953	35.1%	66,000	112,101	42,257	60.3%	70,031
Other professional services	336,256	160,754	47.8%	268,000	337,245	153,150	60.8%	251,952
Depreciation and amortization	29,000	16,273	56.1%	28,018	29,000	16,846	58.3%	28,879
Interdepartmental charges	109,235	63,735	58.3%	109,235	108,563	63,336	58.3%	108,563
Other	12,400	620	5.0%	3,000	12,400	209	39.4%	531
Total Operating Expenses	2,103,285	1,090,159	51.8%	1,919,379	2,099,831	1,136,392	58.0%	1,960,477
OPERATING INCOME (LOSS)	(941,795)	(540,301)	57.4%	(854,776)	(938,341)	(628,569)	68.2%	(922,194)
NON-OPERATING REVENUES								
Other - Grants	73,200	42,205 (C)	57.7%	73,200	73,200	32,040	43.8%	73,200
TCA Foundation - Grants	36,240	24,058 (C)	66.4%	36,240	36,240	32,303	89.1%	36,240
Total Non-Operating Revenues	109,440	66,263	60.5%	109,440	109,440	64,343	58.8%	109,440
Income (Loss) before transfers	(832,355)	(474,038)	57.0%	(745,336)	(828,901)	(564,226)	69.4%	(812,754)
TRANSFERS IN	713,187	420,067	58.9%	713,187	713,187	418,641	58.7%	713,187
TRANSFERS OUT	(61,999)	(52,161) (D)	84.1%	(61,999)	(62,054)	(15,910)	102.9%	(15,469)
FROM FUND BALANCE FOR CAPITAL EXP.	50,000	43,608 (D)	87.2%	43,608	50,000	7,320	100.0%	7,320
FROM FUND BALANCE FOR OPER. EXP.	131,167	62,524	47.7%	50,540	127,768	75,255	69.9%	107,716
OVER (UNDER) SUBSIDY	\$ -	\$ -	N/A	\$ -	\$ -	\$ (78,920)	N/A	\$ -

(A) Classroom and theater room rental actuals are down from last year due to less than anticipated rentals, but an increase in labor revenues are helping to offset the shortfall. Meeting room rentals and labor are up from last year.

(B) There is a vacancy of 1 Senior Business Manager.

(C) Events for grants will be 100% received by the end of the fiscal year.

(D) Represents Program Modification for CAC facility repairs and equipment project approved by City Council on December 21, 2010.

The funding is replenished annually to \$50,000. \$43,608 is the replenishment funding for fiscal year 2013. Funding is from the CAC fund balance.

CULTURAL ARTS CENTER ENTERPRISE FUND
BUDGET TO ACTUAL BY PROGRAMS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Meeting Rooms				Classrooms				Theaters				Non-Departmental				Total			
	Annual Budget FY 2013	YTD Actual 1/31/2013	% of Budget To Actual	FY 2012 Year-To-Date Actual	Annual Budget FY 2013	YTD Actual 1/31/2013	% of Budget To Actual	FY 2012 Year-To-Date Actual	Annual Budget FY 2013	YTD Actual 1/31/2013	% of Budget To Actual	FY 2012 Year-To-Date Actual	Non-Departmental YTD Actual 1/31/2013	Annual Budget FY 2013	YTD Actual 1/31/2013	% of Budget To Actual	FY 2012 Year-To-Date Actual			
Rental	\$ 305,000	\$ 160,366	52.6% (A)	\$ 133,773	\$ 286,090	\$ 114,652	40.1% (A)	\$ 119,339	\$ 166,000	\$ 93,249	56.2% (A)	\$ 94,105		\$ 757,090	\$ 368,267	48.6%	\$ 347,217			
Labor	120,000	74,224	61.9% (A)	58,228	-	2,468	NA (A)	-	284,400	104,899	36.9% (A)	102,378		404,400	181,591	44.9%	160,606			
Grant-Gen. Fund	498,200	42,205	57.7% (B)	32,040	-	-	NA	-	36,240	24,058	66.4% (B)	32,303		109,440	66,263	60.5%	64,343			
Total Revenues		276,795	55.6%	224,041	286,090	117,120	40.9%	119,339	486,640	222,206	45.7%	228,786		1,270,930	616,121	48.5%	572,166			
Less: Expenses																				
Salaries and benefits	421,912	211,347	50.1% (C)	232,797	348,812	190,415	54.6% (C)	199,060	720,312	403,062	56.0% (C)	428,737		1,491,036	804,824	54.0%	860,594			
Materials and supplies	42,687	19,361	45.4%	21,128	25,522	466	1.8%	-	57,149	24,126	42.2%	21,129		125,358	43,953	35.1%	42,257			
Other professional services	113,214	54,493	48.1%	51,032	78,100	26,501	33.9%	25,133	144,942	79,760	55.0%	76,985		336,256	160,754	47.8%	153,150			
Depreciation and amortization	17,000	10,498	61.8%	10,498	-	-	NA	-	12,000	5,775	48.1%	6,348		29,000	16,273	56.1%	16,846			
Interdepartmental charges	36,643	21,385	58.4%	21,378	35,941	20,972	58.4%	20,818	36,651	21,378	58.3%	21,140		109,235	63,735	58.3%	63,336			
Other	5,300	620	11.7%	181	5,200	-	0.0%	-	1,900	-	0.0%	28		12,400	620	5.0%	209			
Total expenses	636,756	317,704	49.9%	337,014	493,575	238,354	48.3%	245,011	972,954	534,101	54.9%	554,367		2,103,285	1,090,159	51.8%	1,136,392			
Income (loss) from operations	(138,556)	(40,909)	29.5%	(112,973)	(207,485)	(121,234)	58.4%	(125,672)	(486,314)	(311,895)	64.1%	(325,581)		(832,355)	(474,038)	57.0%	(564,225)			
Transfers In	117,448	42,977	36.6%	68,942	199,906	117,745	58.9%	117,345	395,833	259,345	65.5%	232,354		713,187	420,067	58.9%	418,641			
Transfers Out	(2,684)	(2,068)	77.0% (D)	(2,099)	(2,684)	(2,068)	77.0% (D)	(2,057)	(6,631)	(4,417)	66.6% (D)	(4,434)		(61,999)	(52,161)	84.1%	(15,910)			
From Fund Balance for capital exp.	-	-	NA	-	-	-	NA	-	-	-	NA	-		50,000	43,608	87.2%	7,320			
From Fund Balance for oper. exp.	23,792	-	0.0%	12,006	10,263	5,557	54.1%	3,850	97,112	56,967	58.7%	59,399		131,167	62,524	47.7%	75,255			
Over (under) subsidy	-	-	NA	(34,124)	-	-	NA	(6,534)	-	-	NA	(6,534)		-	-	NA	(78,920)			

(A) Classroom and theater room rental actuals are down from last year due to less than anticipated rentals, but an increase in labor revenues are helping to offset the shortfall. Meeting room rentals and labor are up from last year.

(B) Events for grants will be 100% received by the end of the fiscal year.

(C) There is a vacancy of 1 Senior Business Manager.

(D) Transferred 100% of the budget to the Telephone Replacement and Data Communications funds at the beginning of the year. The budget for PC replacement fund and Sanitation is transferred monthly.

(E) Represents Program Modification for CAC facility repairs and equipment project approved by City Council on December 21, 2010.

The funding is replenished annually to \$50,000. \$43,608 is the replenishment funding for fiscal year 2013. Funding is from the CAC fund balance.

CULTURAL ARTS CENTER ENTERPRISE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013****Cash flows from operating activities**

Operating loss	(\$540,301)	
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	16,273	
Decrease (Increase) in accounts receivable	3,761	
Increase (Decrease) in accounts payable	(82,037)	
Increase (Decrease) in accrued liabilities	(627)	
	<hr/>	
Net cash used by operating activities		(\$602,931)

Cash flows from capital and related financing activities

Transfer-in from operations to capital projects and Capital Expenditures, net	(579)	
	<hr/>	
Net cash used by capital and related financing activities		(579)

Cash flows from noncapital financing activities

Operating transfers in	393,868	
Operating transfers out	(52,161)	
Grants received	66,263	
	<hr/>	
Net cash provided by noncapital financing activities		407,970
		<hr/>
Net change in cash		(195,540)
		<hr/>
Cash and cash equivalents, July 1, 2012		240,190
		<hr/>
Cash and cash equivalents, January 31, 2013		\$44,650
		<hr/>

SEWER ENTERPRISE FUND**BALANCE SHEET****January 31, 2013**

	<u>January 31, 2013</u>
ASSETS	
Pooled Cash and Investments	\$ 9,334,344
Accounts Receivable	130,125
Accrued Interest Receivable	44,063
Total Current Assets	9,508,532
Property, Plant and Equipment, net	42,039,508
Advances to other funds	419,028
Total Assets	\$ 51,967,068
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	191
Accrued Salaries and Benefits	253,224
Total Liabilities	253,415
Fund Equity	
Contributed Capital	2,698,479
Retained Earnings - Reserved	1,600,187
Retained Earnings - Unreserved	47,414,987
Total Fund Equity	51,713,653
Total Liabilities and Fund Equity	\$ 51,967,068

Schedule L-1

SEWER ENTERPRISE FUND OPERATIONS
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-to-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Sewer charges	\$ 2,955,000	\$ 1,552,956	(B) 52.6%	\$ 2,955,000	\$ 2,724,500	\$ 1,522,104	52.8%	\$ 2,880,171
Other	8,000	3,350	(C) 41.9%	7,500	8,000	2,578	34.2%	7,544
Total Operating Revenues	2,963,000	1,556,306	52.5%	2,962,500	2,732,500	1,524,682	52.8%	2,887,715
OPERATING EXPENSES								
Salaries and employee benefits	1,851,923	1,087,512	58.7%	1,851,923	1,813,603	1,055,902	58.9%	1,794,002
Services and supplies	316,114	216,589	68.5%	346,114	350,066	187,905	54.5%	344,823
Other professional services	638,454	265,621	41.6%	451,000	411,098	151,223	40.6%	372,142
Depreciation	1,006,480	591,945	58.8%	1,006,480	1,032,980	580,890	56.2%	1,032,949
Interdepartmental charges	383,082	224,775	58.7%	390,082	359,365	204,739	72.0%	284,357
Other	14,574	2,474	17.0%	11,600	17,074	706	6.8%	10,449
Total Operating Expenses	4,210,627	2,388,916	56.7%	4,057,199	3,984,186	2,181,365	56.8%	3,838,722
OPERATING INCOME	(1,247,627)	(832,610)	66.7%	(1,094,699)	(1,251,686)	(656,683)	69.1%	(951,007)
NON-OPERATING REVENUES								
Interest income - Operations	175,000	91,319	52.2%	165,000	220,000	114,146	69.2%	164,858
Total Non-Operating Revenues	175,000	91,319	52.2%	165,000	220,000	114,146	69.2%	164,858
Income before transfers	(1,072,627)	(741,291)	69.1%	(929,699)	(1,031,686)	(542,537)	69.0%	(786,149)
TRANSFERS OUT	(527,560)	(527,560)	(D) 100.0%	(527,560)	(647,958)	(647,958)	100.0%	(647,958)
FROM FUND BALANCE	1,600,187	942,510	58.9%	1,457,259	1,679,644	989,310	69.0%	1,434,107
NET INCOME (LOSS)	\$ -	\$ (326,341)	N/A	\$ -	\$ -	\$ (201,185)	N/A	\$ -

(A) Annual Budget includes prior year encumbrances budget of \$6,829.

(B) Sewer revenue accrual for FY2011-12 amounting to \$218,042 was reversed in July 2012.

(C) Sewer revolving fees are low due to fewer building permits issued.

(D) Annual budget includes an appropriation of \$200,000 to project FEAP782 Madrona Marsh Dredging per 1/10/12 Council item 12A, an appropriation of \$25,000 for Machado Lake Watershed per 5/15/12 Council item 12B and \$300,000 for Amie Basin Pump Upgrade project per 12/18/12 Council item 12A.

SEWER ENTERPRISE FUND OPERATIONS
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013

Cash flows from operating activities

Operating income (loss)	\$ (832,610)	
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Depreciation and amortization	591,945	
(Increase) Decrease in accounts receivable	235,617	
Increase (Decrease) in accounts payable	(51,138)	
Increase (Decrease) in accrued liabilities	(19,288)	
Increase (Decrease) in retainage payable	(30,291)	
Net cash used by operating activities		\$ (105,765)

Cash flows from capital and related financing activities

Capital expenditures	(333,513)	
Net cash used by capital and related financing		(333,513)

Cash flows from non-capital financing activities

Operating transfers out	(527,560)	
Transfer from Operations to Capital	525,000	
Net cash used by non-capital financing activities		(2,560)

Cash flows from investing activities

Interest on investment	91,319	
Net cash provided by investing activities		91,319

Net change in cash (350,519)

Cash, restricted cash and cash equivalents, July 1, 2012 9,684,863

Cash, restricted cash and cash equivalents, January 31, 2013 \$ 9,334,344

PARKS AND RECREATION ENTERPRISE FUND**BALANCE SHEET
JANUARY 31, 2013**

ASSETS		JANUARY 31, 2013
Current Assets		
Pooled Cash and Investments	\$	(306,018)
Accounts Receivable		100
Total Current Assets		(305,918)
Fixed Assets - Net		15,541
Total Assets	\$	(290,377)
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$	3,200
Total Liabilities		3,200
Fund Equity (Deficit)		
Retained Earnings (Deficit)		(293,577)
Total Fund Equity (Deficit)		(293,577)
Total Liabilities and Fund Equity (Deficit)	\$	(290,377)

Schedule M-1

PARKS AND RECREATION ENTERPRISE FUND-COMBINED

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	FY2013 Annual Budget (A)	FY2013 Year-To-Date Actual Without Enc.	FY2013 Budget % Without Enc.	Projected Actual 06/30/2013	FY2012 Annual Budget	FY2012 Year-To-Date Actual Without Enc.	FY2012 Actual to Actual % Without Enc.	FY2012 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 4,814,409	\$ 2,788,204 (B)	57.9%	\$ 4,095,761	\$ 4,814,409	\$ 2,886,817	67.5%	\$ 4,276,592
Other	12,812	12,627 (C)	98.6%	13,212	1,200	797	39.4%	2,022
Total Operating Revenues	4,827,221	2,800,831	58.0%	4,108,973	4,815,609	2,887,614	67.5%	4,278,614
OPERATING EXPENSES								
Salaries and employee benefits	5,290,997	2,910,135	55.0%	5,091,487	5,297,297	3,059,649	59.9%	5,104,153
Services and supplies	1,181,308	562,911	47.7%	957,348	1,204,718	600,205	61.9%	969,918
Other Professional Services	1,231,409	430,583	35.0%	826,118	1,112,954	459,058	54.2%	846,238
Insurance and claims	19,396	15,481	79.8%	19,396	18,421	5,481	58.3%	9,396
Interdepartmental charges	753,819	439,719	58.3%	753,819	756,609	441,343	58.3%	756,609
Depreciation	1,498	707	47.2%	916	-	874	58.3%	1,498
Other	28,320	3,652	12.9%	9,500	28,320	2,615	27.5%	9,525
Total Operating Expenses	8,506,747	4,363,188	51.3%	7,658,584	8,418,319	4,569,225	59.4%	7,697,337
OPERATING INCOME(LOSS)	(3,679,526)	(1,562,357)	42.5%	(3,549,611)	(3,602,710)	(1,681,611)	49.2%	(3,418,723)
OPERATING TRANSFERS IN	3,290,195	1,927,529	58.6%	3,290,195	3,283,695	1,927,529	58.7%	3,283,695
OPERATING TRANSFERS OUT	(44,080)	(31,424) (D)	71.3%	(44,080)	(45,095)	(32,739)	72.6%	(45,095)
OVER (UNDER) SUBSIDY	\$ (433,411)	\$ 333,748	-77.0%	\$ (303,496)	\$ (364,110)	\$ 213,179	-118.4%	\$ (180,123)
ONE-TIME TRANSFERS	\$ -	\$ -	N/A	\$ -	\$ 1,100,000	\$ 494,908	71.5%	\$ 692,154

(A) The annual budget includes prior year encumbrances budget of \$38,954.

(B) The projection of total revenue by the end of fiscal year will be lower than budget due to zero revenue from youth special interest and skateboard park operation which have a total budget of \$271,875 and low revenues from parks playground fee, roller hockey fee, youth sports classes, adult sports leagues, and youth performing classes.

(C) Transferred \$8,699 from Parks and Recreation Donation account per August 7, 2012 Council Item 8D to fund the purchase of pool covers for the Victor E. Benstead Plunge.

(D) Transfers to the Telephone, Data Communications and Radio Communications Replacement Funds are at 100% of budget. Transfers to PC Replacement Fund is at 58% of budget.

PARKS AND RECREATION - RECREATION SERVICES

Schedule M-2

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	FY2013 Annual Budget (A)	FY2013 Year-To-Date Actual Without Enc.	FY2013 Budget % Without Enc.	Projected Actual 06/30/2013	FY2012 Annual Budget	FY2012 Year-To-Date Actual Without Enc.	FY2012 Actual to Actual % Without Enc.	FY2012 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 3,494,526	\$ 1,980,025 (B)	56.7%	\$ 3,054,526	\$ 3,494,526	\$ 2,003,799	64.3%	\$ 3,115,663
Other	11,312	11,127 (C)	98.4%	11,712	1,200	797	41.3%	1,932
Total Operating Revenues	3,505,838	1,991,152	56.8%	3,066,238	3,495,726	2,004,596	64.3%	3,117,595
OPERATING EXPENSES								
Salaries and employee benefits	4,198,597	2,344,378	55.8%	4,108,327	4,205,997	2,474,261	60.2%	4,110,480
Services and supplies	921,926	366,756	39.8%	645,348	852,336	407,996	62.0%	658,232
Other Professional Services	679,054	245,185	36.1%	407,432	660,624	213,372	50.5%	422,552
Insurance and claims	19,396	15,481	79.8%	19,396	18,421	5,481	58.3%	9,396
Interdepartmental charges	751,619	438,438	58.3%	751,619	754,409	440,062	58.3%	754,409
Depreciation	1,498	707	47.2%	916	-	874	58.3%	1,498
Other	22,520	501	2.2%	5,000	22,520	1,921	37.5%	5,120
Total Operating Expenses	6,594,610	3,411,446	51.7%	5,938,038	6,514,307	3,543,967	59.4%	5,961,687
OPERATING INCOME(LOSS)	(3,088,772)	(1,420,294)	46.0%	(2,871,800)	(3,018,581)	(1,539,371)	54.1%	(2,844,092)
OPERATING TRANSFERS IN	2,579,816	1,514,352	58.7%	2,579,816	2,579,816	1,514,352	58.7%	2,579,816
OPERATING TRANSFERS OUT	(39,580)	(28,782) (D)	72.7%	(39,580)	(40,595)	(30,097)	74.1%	(40,595)
OVER (UNDER) SUBSIDY	\$ (548,536)	\$ 65,276	-11.9%	\$ (331,564)	\$ (479,360)	\$ (55,116)	18.1%	\$ (304,871)
ONE-TIME TRANSFERS	\$ -	\$ -	N/A	\$ -	\$ 1,100,000	\$ 494,908	71.5%	\$ 692,154

(A) The annual budget includes prior year encumbrances budget of \$38,954.

(B) The projection of total revenue by the end of fiscal year will be lower than budget due to zero revenue from youth special interest and skateboard park operation which have a total budget of \$271,875 and low revenues from parks playground fee, roller hockey fee, youth sports classes and adult sports leagues.

(C) Transferred \$8,699 from Parks and Recreation Donation account per August 7, 2012 Council Item 8D to fund the purchase of pool covers for the Victor E. Benstead Plunge.

(D) Transfers to the Telephone, Data Communications and Radio Communications Replacement Funds are at 100% of budget. Transfers to PC Replacement Fund is at 58% of budget.

Schedule M-3

PARKS AND RECREATION - CULTURAL SERVICES

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	FY2013			Projected Actual 06/30/2013	FY2012			FY2012 Prior Year Total
	FY2013 Annual Budget	Year-To-Date Actual Without Enc.	FY2013 Budget % Without Enc.		FY2012 Annual Budget	Year-To-Date Actual Without Enc.	FY2012 Actual to Actual % Without Enc.	
OPERATING REVENUES								
Charges for services	\$ 1,319,883	\$ 808,179 (A)	61.2%	\$ 1,041,235	\$ 1,319,883	\$ 883,018	76.1%	\$ 1,160,929
Other	1,500	1,500	100.0%	1,500	-	-	0.0%	90
Total Operating Revenues	1,321,383	809,679	61.3%	1,042,735	1,319,883	883,018	76.1%	1,161,019
OPERATING EXPENSES								
Salaries and employee benefits	1,092,400	565,757	51.8%	983,160	1,091,300	585,388	58.9%	993,673
Services and supplies	259,382	196,155	75.6%	312,000	352,382	192,209	61.7%	311,686
Other Professional Services	552,355	185,398	33.6%	418,686	452,330	245,686	58.0%	423,686
Interdepartmental charges	2,200	1,281	58.2%	2,200	2,200	1,281	58.2%	2,200
Other	5,800	3,151	54.3%	4,500	5,800	694	15.8%	4,405
Total Operating Expenses	1,912,137	951,742	49.8%	1,720,546	1,904,012	1,025,258	59.1%	1,735,650
OPERATING INCOME(LOSS)	(590,754)	(142,063)	24.0%	(677,811)	(584,129)	(142,240)	24.8%	(574,631)
OPERATING TRANSFERS IN	710,379	413,177	58.2%	710,379	703,879	413,177	58.7%	703,879
OPERATING TRANSFERS OUT	(4,500)	(2,642)	58.7%	(4,500)	(4,500)	(2,642)	58.7%	(4,500)
OVER (UNDER) SUBSIDY	\$ 115,125	\$ 268,472	233.2%	\$ 28,068	\$ 115,250	\$ 268,295	215.1%	\$ 124,748

- (A) Charges for Services are higher than budget due to high volume of registrants during the summer program especially in youth/adult special interests and adult performing arts. However, revenues are lower than prior year due to deferred revenue recognized in July being down by \$64,844. The projection of total revenue by the end of fiscal year will be lower than budget due to the low revenues in adult special interests, youth performing classes and CAC ticket sales.

PARKS AND RECREATION ENTERPRISE FUND**STATEMENT OF CASH FLOWS**
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED**Cash flows from operating activities**

Operating income (loss)	\$ (1,562,357)	
Adjustments to reconcile operating income (loss)		
to net cash used by operating activities		
Depreciation	707	
Decrease (increase) in accounts receivable	25,132	
Decrease (increase) in prepayments	7,384	
Increase (decrease) in accounts payable	(87,018)	
Increase (decrease) in deferred liabilities	(585,971)	
Net cash used by operating activities		\$ (2,202,123)

Cash flows from non-capital financing activities

Operating transfers in	1,927,529	
Operating transfers out	(31,424)	
Net cash provided by noncapital financing activities		<u>1,896,105</u>
Net change in cash		(306,018)

Cash, and cash equivalents, July 1, 2012-**Cash, and cash equivalents, January 31, 2013**\$ (306,018)

CAPITAL IMPROVEMENTS FUND
BALANCE SHEET
JANUARY 31, 2013

ASSETS

Pooled Cash and Investments	\$ 19,887,813
Total Assets	\$ 19,887,813

LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable	\$ 5,212
Retainage Payable	385,955
Total Liabilities	391,167

Fund Equity

Retained Earnings - Reserved	19,496,646
Total Fund Equity	19,496,646

Total Liabilities and Fund Equity	\$ 19,887,813
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CAPITAL IMPROVEMENTS FUND
Statement of Revenues, Expenditures
and Changes in Fund Balances
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013

	<u>Actual</u>
Revenues:	
Other	\$ 85,737
Total revenues	85,737
Expenditures:	
Current:	
Salaries & Benefits	107,036
Materials, supplies and services	50,099
Professional and Technical	1,378,772
Capital outlay	63,789
Total expenditures	1,599,696
Excess (deficiency) of revenues over expenditures	(1,513,959)
Operating transfers in	1,712,728
Developer Contributions	33,798
Operating transfers out	(604,751)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (372,184)
Fund balance, July 1, 2012	19,868,830
Fund balance, January 31, 2013	\$ 19,496,646

Note 1: This fund is managed by a multi-year project budget, and therefore a budget to actual comparison has not been presented.

PROP C LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS**BALANCE SHEET***January 31, 2013***ASSETS**

Pooled Cash and Investments	\$	4,040,367
Interest Receivables		16,554
Total Assets	\$	4,056,921

LIABILITIES AND FUND EQUITY**Current Liabilities**

Retention Payable	\$	43,026
Total Liabilities		43,026

Fund Equity

Retained Earnings - Unreserved		4,013,895
Total Fund Equity		4,013,895

Total Liabilities and Fund Equity	\$	4,056,921
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PROP C LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Actual
Revenues:	
Use of money and property	\$ 44,937
Charges for Services	1,096,021
Total revenues	1,140,958
Expenditures:	
Charges from Other Departments	95,250
Professional /Contract Services	484,874
Total expenditures	580,124
Excess (deficiency) of revenues over expenditures	560,834
Operating transfers out	(1,527,802)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (966,968)
Fund balance, July 1, 2012	4,980,863
Fund balance, January 31, 2013	\$ 4,013,895

MEASURE R LOCAL RETURN AND HIGHWAY PROGRAM/GRANTS AND DISCRETIONARY FUNDS**BALANCE SHEET****January 31, 2013**

	Measure R Local Return	Measure R Highway Program	TOTAL
ASSETS			
Pooled Cash and Investments	\$ 3,941,168	\$ (529,428) (A)	\$ 3,411,740
Interest Receivables	14,825	-	14,825
Total Assets	\$ 3,955,993	\$ (529,428)	\$ 3,426,565
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Equity			
Retained Earnings - Unreserved	3,955,993	(529,428)	3,426,565
Total Fund Equity	3,955,993	(529,428)	3,426,565
Total Liabilities and Fund Equity	\$ 3,955,993	\$ (529,428)	\$ 3,426,565

(A) These are reimbursement funds. The negative cash balance is from the following projects:

FEAP 764 Torrance Transit Park & Ride Regional Transit Terminal of \$388,754. We've received reimbursement of \$303,668 in February 2013 and the City is currently holding approximately \$80,000 of retention. Quarterly reimbursement request will be submitted by April 2013.

I-111 N47 Maple Ave @ Sepulveda Project of \$18,580. Quarterly reimbursement request will be submitted by April 2013.

T-131 Intersection Improvements-Pacific Coast Hwy/Hawthorne Blvd. of \$122,094. We've received reimbursement of \$45,034 in February 2013 and quarterly reimbursement request will be submitted by April 2013.

Schedule P-1

MEASURE R LOCAL RETURN AND HIGHWAY PROGRAM/GRANTS AND DISCRETIONARY FUNDS

STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Measure R Local Return	Measure R Highway Program	TOTAL
Revenues:			
Use of money and property	\$ 33,603	\$ -	\$ 33,603
Charges for Services	717,560	190,551	908,111
Total revenues	751,163	190,551	941,714
Expenditures:			
Charges from Other Departments	6,430	156,125	162,555
Materials, Supplies and Maintenance	-	208	208
Professional /Contract Services	57,049	563,646	620,695
Total expenditures	63,479	719,979	783,458
Excess (deficiency) of revenues over expenditures	687,684	(529,428)	158,256
Operating transfers in (out)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 687,684	\$ (529,428)	\$ 158,256
Fund balance, July 1, 2012	3,268,309	-	3,268,309
Fund balance, January 31, 2013	\$ 3,955,993	\$ (529,428)	\$ 3,426,565

TORRANCE PUBLIC FINANCING AUTHORITY RESTRICTED CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	2004 A&B Certificates of Participation 43.13m Refunding Actual	2009A Certificates of Participation 18.8m Refunding Actual	Total
Revenues:			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
Salaries & Benefits	-	-	-
Materials & Supplies	221	-	221
Professional Technical	327,697	-	327,697
Debt Service	-	-	-
Capital outlay	-	-	-
Total expenditures	327,918	-	327,918
Excess (deficiency) of revenues over expenditures	(327,918)	-	(327,918)
Other financing sources (uses):			
Operating transfers out	-	-	-
Operating transfers in	-	-	-
Proceeds from Bond	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(327,918)	-	(327,918)
Fund balance, July 1, 2012	\$ 1,585,769	\$ -	\$ 1,585,769
Fund balance, January 31, 2013	\$ 1,257,851	\$ -	\$ 1,257,851

Note: This fund is managed by a multi-year project budget, and therefore a budget to actual comparison has not been presented.

**TORRANCE PUBLIC FINANCING AUTHORITY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED**

	1998 Certificates of Participation 10.3m Refunding	2004 A&B Certificates of Participation 43.13m Refunding	2009A Certificates of Participation 18.8m Refunding	Total
Revenues:				
Use of money and property:				
Investment Earnings	\$ 15,428	\$ -	\$ -	\$ 15,428
Change in Fair Market Value	-	-	-	-
Rental Income	388,615	893,889	790,015	2,072,519
Total revenues	404,043	893,889	790,015	2,087,947
Expenditures:				
Bond and other loan principal	255,000	-	325,000	580,000
Bond and other loan interest	149,043	909,358	467,734	1,526,135
Total expenditures	404,043	909,358	792,734	2,106,135
Excess (deficiency) of revenues	-	(15,469)	(2,719)	(18,188)
Other financing sources (uses):				
Operating transfers out	-	-	-	-
Operating transfers in	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(15,469)	(2,719)	(18,188)
Fund balances, July 1, 2012	\$ 553,085	\$ 2,769,664	\$ 1,260,738	\$ 4,583,487
Fund balance, January 31, 2013	\$ 553,085 (A)	\$ 2,754,195 (A)	\$ 1,258,019 (A)	\$ 4,565,299 (A)

(A) Represents required bond reserves held with the fiscal agent.

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA)**BALANCE SHEET
JANUARY 31, 2013**

	JANUARY 31, 2013
ASSETS	
Pooled Cash and Investments	\$ 858,617
<i>Total Current Assets</i>	858,617
Total Assets	\$ 858,617
FUND EQUITY	
Administration Fund Balance	\$ 447,695
Housing Assistance Fund Balance	410,922
Total Fund Equity	858,617
Total Liabilities and Fund Equity	\$ 858,617

Schedule S-1

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA) - COMBINED STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actuals 06/30/2013	FY 2012 Annual Budget	FY 2012 Year-to-date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
Revenues:								
Use of money and property	\$ 8,000	\$ 8,390	104.9%	15,000	\$ 10,000	\$ 7,005	58.4%	\$ 11,986
Section 8 Fraud Recovery	10,000	2,264	22.6%	6,000	12,000	3,822	55.5%	6,881
Section 8 Voucher Program - HAP	6,000,000	3,204,010 (B)	53.4%	5,760,000	6,100,000	3,476,839	58.9%	5,906,853
Section 8 Voucher Program - Admin fees	576,000	357,733 (C)	62.1%	599,000	696,000	341,321	56.0%	609,223
Section 8 Admin Fee Earned - Port In	35,000	18,258	52.2%	30,000	-	16,414	51.0%	32,177
Total revenues	6,629,000	3,590,655	54.2%	6,410,000	6,818,000	3,845,401	58.6%	6,567,120
Expenditures:								
Salaries & Benefits	525,000	310,809	59.2%	525,000	531,600	310,543	59.1%	525,618
Materials & Supplies	14,115	2,952	20.9%	12,000	16,134	4,228	46.9%	9,022
Housing Assistance Payments (HAP)	6,180,000	3,439,779	55.7%	6,000,000	6,180,000	3,419,455	58.8%	5,810,889
Professional/Technical Services	43,812	16,160	36.9%	25,000	41,679	5,497	30.8%	17,865
Inter-departmental Charges	114,000	66,917	58.7%	114,000	120,000	61,978	60.8%	101,917
Others	5,000	-	0.0%	1,000	5,000	-	0.0%	241
Capital outlay	35,000	-	0.0%	30,000	17,800	-	0.0%	4,991
Total expenditures	6,916,927	3,836,617	55.0%	6,707,000	6,912,213	3,801,701	58.8%	6,470,543
Operating Income (Loss)	(287,927)	(245,962)	85.0%	(297,000)	\$ (94,213)	\$ 43,700	45.2%	\$ 96,577
Fund balances - July 1, 2012	1,104,579	1,104,579	100.0%	1,104,579				
Fund balances - January 31, 2013	\$ 816,652	\$ 858,617	105.1%	\$ 807,579				

(A) The annual budget includes prior year encumbrances budget of \$1,347

(B) The Housing program is 100% funded by the Housing and Urban Development (HUD), a Federal Program and is subject to the budget sequestration that took effect on March 1, 2013. The funding for CY 2013 is yet to be determined. A continuing resolution of CY 2012 funding is in place to March 2013.

The HAP revenue the program currently receives to pay for Housing vouchers is based on a formula. With the implementation of the sequestration a pro-ratio factor of 94% could be applied for CY2013 funding levels.

Effective January 1, 2012 HUD moved back to a cash management basis and will require annual year-end settlements.

The HA will be required to return the remaining HAP fund balance not subject to offset and it will be kept by HUD as a program reserve for the HA.

The cash management was implemented on April 1, 2012 with full implementation by the end of 2013.

In July of 2012 HUD offset \$159,520 of the fund balance; the offset will no longer be available for HAP disbursements.

(C) Administration fee is \$107 per leased voucher but the total funding paid by the Housing and Urban Development (HUD) is reduced by a proration factor of 75% for CY 2012. With the implementation of the sequestration the pro-ratio could go to 69% in CY 2013.

Schedule S-2

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA) STATEMENT OF REVENUE AND EXPENSES - HOUSING ASSISTANCE PAYMENTS (HAP) - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/2013	FY 2012 Annual Budget	FY 2012 Year-to-date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
Revenues:								
Use of money and property	\$ 1,000	\$ 3,717	371.7%	\$ 5,000	\$ 2,000	\$ 2,328	47.5%	\$ 4,904
Section 8 Fraud Recovery - 1/2 HAP	5,000	1,132	22.6%	3,000	6,000	1,911	55.6%	3,440
Section 8 Voucher Program - HAP	6,000,000	3,204,010 (A)	53.4%	5,760,000	6,100,000	3,476,839	58.9%	5,906,853
Total revenues	6,006,000	3,208,859	53.4%	5,768,000	6,108,000	3,481,078	58.8%	5,915,197
Expenditures:								
Housing Assistance Payments (HAP)	6,180,000	3,439,779	55.7%	6,000,000	6,180,000	3,419,455	58.8%	5,810,889
Total expenditures	6,180,000	3,439,779	56.0%	6,000,000	6,180,000	3,419,455	58.8%	5,810,889
Operating Income (Loss)	(174,000)	(230,920)	132.7%	(232,000)	\$ (72,000)	\$ 61,623	59.1%	\$ 104,308
Fund balances - July 1, 2012	641,842	641,842	100.0%	641,842				
Fund balances - January 31, 2013	\$ 467,842	\$ 410,922	87.8%	\$ 409,842				

(A) The Housing program is 100% funded by the Housing and Urban Development (HUD), a Federal Program and is subject to the budget sequestration that took effect on March 1, 2013. The funding for CY 2013 is yet to be determined. A continuing resolution of CY 2012 funding is in place to March 2013. The HAP revenue the program currently receives to pay for Housing vouchers is based on a formula. With the implementation of the sequestration a pro-rata factor of 94% could be applied for CY2013 funding levels. Effective January 1, 2012 HUD moved back to a cash management basis and will require annual year-end settlements. The HA will be required to return the remaining HAP fund balance not subject to offset and it will be kept by HUD as a program reserve for the HA. The cash management was implemented on April 1, 2012 with full implementation by the end of 2013. In July of 2012 HUD offset \$159,520 of the fund balance; the offset will no longer be available for HAP disbursements.

Schedule S-3

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA) STATEMENT OF REVENUE AND EXPENSES - ADMINISTRATION - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/2013	FY 2012 Annual Budget	FY 2012 Year-to-date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
Revenues:								
Use of money and property	\$ 7,000	\$ 4,673	66.8%	\$ 10,000	\$ 8,000	\$ 4,677	66.0%	\$ 7,082
Section 8 Fraud Recovery - 1/2 Admin	5,000	1,132	22.6%	3,000	6,000	1,911	55.5%	3,441
Section 8 Voucher Program - Admin fees	576,000	357,733 (B)	62.1%	599,000	696,000	341,321	56.0%	609,223
Section 8 Admin Fee Earned - Port In	35,000	18,258	52.2%	30,000	-	16,414	51.0%	32,177
Total revenues	623,000	381,796	61.3%	642,000	710,000	364,323	55.9%	651,923
Expenditures:								
Salaries & Benefits	525,000	310,809	59.2%	525,000	531,600	310,543	59.1%	525,618
Materials & Supplies	14,115	2,952	20.9%	12,000	16,134	4,228	46.9%	9,022
Professional/Technical Services	43,812	16,160	36.9%	25,000	41,679	5,497	30.8%	17,865
Inter-departmental Charges	114,000	66,917	58.7%	114,000	120,000	61,978	60.8%	101,917
Others	5,000	-	0.0%	1,000	5,000	-	0.0%	241
Capital outlay	35,000	-	0.0%	30,000	17,800	-	0.0%	4,991
Total expenditures	736,927	396,838	54.0%	707,000	732,213	382,246	57.9%	659,654
Operating Income (Loss)	(113,927)	(15,042)	13.2%	(65,000)	\$ (22,213)	\$ (17,923)	231.8%	\$ (7,731)
Fund balances - July 1, 2012	462,737	462,737	100.0%	462,737				
Fund balances - January 31, 2013	\$ 348,810	\$ 447,695	128.3%	\$ 397,737				

(A) The annual budget includes prior year encumbrances budget of \$1,347.

(B) The Housing program is 100% funded by the Housing and Urban Development (HUD), a Federal Program and is subject to the budget sequestration that took effect March 1, 2013. The funding for CY 2013 is yet to be determined. A continuing resolution of CY 2012 funding is in place up to March 2013.

Administration fee is \$107 per leased voucher but the total funding paid by the Housing and Urban Development (HUD) is reduced by a proration factor of 75% for CY 2012. With the implementation of the sequestration the pro-ration could go to 69% in CY 2013.

Schedule T

Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

For Seven Months Ended, January 31, 2013 - 58.9% Expired

	Parks and Recreation Facilities Fund	Seismic Education Fund	Street Lighting Assessment Fund	Drainage Improvement Fund
Revenues:				
Taxes	\$ 13,750	\$ -	\$ 646,927	\$ -
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	8,627	557	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total revenues	22,377	557	646,927	-
Expenditures:				
Current:				
Salaries & Benefits	-	-	314,468	-
Materials & Services	-	-	300,713	-
Professional Technical	-	-	8,244	-
City Charges	-	-	-	-
Other	-	-	816,120	-
Capital outlay	-	-	-	-
Total expenditures	-	-	1,439,545	-
Excess (deficiency) of revenues over expenditures	22,377	557	(792,618)	-
Other financing sources (uses):				
Transfers in	-	-	792,618	-
Transfers out	-	-	-	-
Net change in fund balance	22,377	557	-	-
Fund balances, July 1, 2012	1,504,314	35,489	27,061	19,444
Fund Balances (deficits), January 31, 2013	\$ 1,526,691	\$ 36,046	\$ 27,061	\$ 19,444

Schedule T-Continued

Parks, Rehabilitation and Open Space Fund	Bicycle Transportation Fund	Development Impact Fund	Underground Storage Tank Fund	Geologic Hazard Abatement Fund	State Gas Tax Street Improvement Fund
\$ -	\$ -	\$ 334,554	\$ -	\$ -	\$ -
61,365	-	-	-	-	-
48,243	108	-	-	-	117,694
-	-	-	-	-	1,623,843
-	-	-	-	-	-
109,608	108	334,554	-	-	1,741,537
10,020	-	2,300	-	-	61,595
(62)	-	-	-	-	-
17,460	-	187,150	-	-	773,662
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,418	-	189,450	-	-	835,257
82,190	108	145,104	-	-	906,280
-	-	-	-	-	-
(25,544)	-	-	(3,000)	-	(606,667)
56,646	108	145,104	(3,000)	-	299,613
3,294,288	-	100,617	3,000	14,317	12,242,858
\$ 3,350,934	\$ 108	\$ 245,721	\$ -	\$ 14,317	\$ 12,542,471

Schedule T-Continued

Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)

For Seven Months Ended, January 31, 2013 - 58.9% Expired
(continued)

	Meadow Park Parking Lot District Fund	Police Inmate Welfare Fund	Grants and Donations Fund	Federal Housing and Community Development Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	26,280	490	7,165	-
Intergovernmental	-	-	1,198,516	-
Other	-	-	(7,825)	-
Total revenues	26,280	490	1,197,856	-
Expenditures:				
Current:				
Salaries & Benefits	-	-	470,052	-
Materials & Services	-	-	2,586	-
Professional Technical	9,625	-	1,401,868	-
City Charges	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	122,840	-
Total expenditures	9,625	-	1,997,346	-
Excess (deficiency) of revenues over expenditures	16,655	490	(799,490)	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balance	16,655	490	(799,490)	-
Fund balances, July 1, 2012	35,122	51,615	1,373,236	777,556
Fund Balances (deficits), January 31, 2013	\$ 51,777	\$ 52,105	\$ 573,746	\$ 777,556

Schedule T-Continued

Asset Forfeiture Fund	El Camino Training Fund	Proposition 1B Fund	DNA Sampling Fund	Total Nonmajor Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ 995,231
300,178	-	-	-	361,543
30,055	-	-	-	239,219
-	-	-	-	2,822,359
1,975	15,000	-	6,930	16,080
332,208	15,000	-	6,930	4,434,432
-	-	-	-	858,435
29,630	-	-	-	332,867
-	-	153,459	-	2,551,468
-	-	-	-	-
415	-	-	-	816,535
146,550	38,443	-	-	307,833
176,595	38,443	153,459	-	4,867,138
155,613	(23,443)	(153,459)	6,930	(432,706)
-	-	-	-	792,618
-	-	-	-	(635,211)
155,613	(23,443)	(153,459)	6,930	(275,299)
4,712,624	170,162	2,012,678	76,530	26,450,911
\$ 4,868,237	\$ 146,719	\$ 1,859,219	\$ 83,460	\$ 26,175,612

CABLE & COMMUNITY RELATIONS/PUBLIC ACCESS/PEG**BALANCE SHEET
JANUARY 31, 2013**

	Cable & Community Relations January 31, 2013	Public Access January 31, 2013	Public Education Government January 31, 2013	Total
ASSETS				
Pooled cash and investments	\$ 2,217,298	\$ 90,528	\$ 981,241	\$ 3,289,067
Accrued interest receivable	21,826	-	-	21,826
Total Assets	\$ 2,239,124	\$ 90,528	\$ 981,241	\$ 3,310,893
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 7,393	\$ 1,777	\$ -	\$ 9,170
Accrued salaries and benefits	186,953	-	-	186,953
Total Liabilities	194,346	1,777	-	196,123
Fund Balance				
Unreserved	2,031,636	88,751	981,241	3,101,628
Reserved	13,142	-	-	13,142
Total Fund Balance	2,044,778	88,751	981,241	3,114,770
Total Liabilities and Fund Equity	\$ 2,239,124	\$ 90,528	\$ 981,241	\$ 3,310,893

Schedule U-1

CABLE & COMMUNITY RELATIONS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Franchise fees	\$ 1,700,000	\$ 461,032 (B)	27.1%	\$ 1,800,000	\$ 1,700,000	\$ 430,421	24.2%	1,776,261
Miscellaneous	4,000	1,151	28.8%	3,000	4,000	1,037	20.9%	4,951
Total Operating Revenues	1,704,000	462,183	27.1%	1,803,000	1,704,000	431,458	24.2%	1,781,212
OPERATING EXPENSES:								
Salaries and employee benefits	891,022	451,199 (C)	50.6%	776,850	901,022	492,344	57.6%	854,205
Materials and supplies	42,313	21,243	50.2%	38,313	43,163	19,370	60.6%	31,986
Other professional services	180,846	93,416 (D)	51.7%	160,846	106,929	47,983	52.7%	91,018
Interdepartmental charges	75,502	44,051	58.3%	75,502	76,528	44,646	58.3%	76,528
Capital acquisitions	23,107	6,704 (E)	29.0%	23,107	7,885	603	15.1%	4,005
Litigation and claims	8,594	2,548 (F)	29.6%	5,365	8,594	2,548	58.4%	4,365
Other	8,500	1,578	18.6%	5,500	8,500	2,914	50.7%	5,744
Total Operating Expenses	1,229,884	620,739	50.5%	1,085,483	1,152,621	610,408	57.2%	1,067,851
OPERATING INCOME (LOSS)	474,116	(158,556)	-133.4%	717,517	551,379	(178,950)	-25.1%	713,361
NON-OPERATING REVENUES								
Interest income - Operations	55,800	38,624	69.2%	60,500	50,000	34,821	60.5%	57,587
Total Non-Operating Revenues	55,800	38,624	69.2%	60,500	50,000	34,821	60.5%	57,587
Income (Loss) before transfers	529,916	(119,932)	-122.6%	778,017	601,379	(144,129)	-18.7%	770,948
TRANSFERS OUT	(543,058)	(365,086) (G)	67.2%	(543,058)	(502,888)	(315,875)	62.8%	(502,888)
From Fund Balance	13,142	7,741	58.9%	-	-	-	N/A	-
NET INCOME (LOSS)	\$ -	\$ (477,277)	N/A	\$ 234,959	\$ 98,491	\$ (460,004)	-171.6%	\$ 268,060

(A) Annual Budget includes prior year encumbrances budget of \$22,091.

(B) 2nd Qtr Franchise Fees Revenues for \$470,765 were received in February 2013. If these revenues are included, the percentage of actual to budget is at 55%. Actual revenues are received after the end of each quarter.

(C) Vacancies as of January 2013 include 1 Announcer, 1 Production Assistant and 1 Asst. Writer. Salary savings for 7 months based on composite rate is \$73,613.

(D) Torrance Season newsletter expenditures are expended from Cable Fund in FY12/13 instead of General Fund. Budget percentage is at 84% if encumbrance of \$58,960 is included in the actuals.

(E) The encumbrance balance is \$14,162 as of January 2013. If encumbrance is included, the percentage of actual to budget is at 90%.

(F) There are no claims for Liabilities under \$50,000 as of January 2013. Actual expense represents claims over \$50,000, insurance and admin fee.

(G) Annual transfers to the Telephone Replacement, Data Communications and Radio Replacement Funds were posted at 100% of the budget at the beginning of the fiscal year. Monthly transfers to Cable Public Access, PC Replacement Fund and to Sanitation are at 58% of budget.

CABLE & COMMUNITY RELATIONS**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013****Cash flows from operating activities**

Operating income (loss)	\$	(158,556)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
(Increase) Decrease in accounts receivable		463,671	
Increase (Decrease) in accounts payable		<u>(7,061)</u>	
Net cash provided by operating activities	\$		298,054

Cash flows from investing activities

Interest on investments		<u>38,624</u>	
Net cash provided by investing activities			38,624

Cash flows from non-capital financing activities

Operating transfers out		<u>(365,086)</u>	
Net cash used by non-capital financing activities			<u>(365,086)</u>

Net change in cash			(28,408)
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Cash and cash equivalents, July 1, 2012			<u>2,245,706</u>
--	--	--	------------------

Cash and cash equivalents, January 31, 2013	\$		<u><u>2,217,298</u></u>
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CABLE TV - PUBLIC ACCESS**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED**

	Annual Budget (A)	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
TCTV workshops	\$ 412	\$ 1,000	242.7%	\$ 1,200	\$ 412	\$ 135	23.9%	565
Miscellaneous	2,500	853	34.1%	1,100	2,500	290	29.1%	995
Total Operating Revenues	2,912	1,853	63.6%	2,300	2,912	425	27.2%	1,560
OPERATING EXPENSES:								
Salaries and employee benefits	306,311	175,401	57.3%	306,311	306,311	179,675	58.7%	306,311
Materials and supplies	20,111	6,575	32.7%	12,611	20,111	7,472	63.9%	11,689
Other professional services	19,500	7,702	39.5%	15,200	19,500	8,449	59.7%	14,158
Interdepartmental charges	34,849	20,328	58.3%	34,849	36,199	21,119	58.3%	36,199
Capital outlay	15,958	2,639 (B)	16.5%	15,958	9,324	301	100.0%	301
Litigation and claims	4,427	1,316 (C)	29.7%	2,627	4,427	1,316	58.5%	2,249
Other	3,100	721	23.3%	3,100	3,100	293	64.0%	458
Total Operating Expenses	404,256	214,682	53.1%	390,656	398,972	218,624	58.9%	371,365
OPERATING INCOME (LOSS)	(401,344)	(212,829)	53.0%	(388,356)	(396,060)	(218,199)	59.0%	(369,805)
TRANSFERS IN	421,400	248,205	58.9%	421,400	437,115	256,586	58.7%	437,115
TRANSFERS OUT	(3,795)	(2,700) (D)	71.1%	(3,795)	(3,623)	(2,528)	69.8%	(3,623)
NET INCOME (LOSS)	\$ 16,261	\$ 32,676	200.9%	\$ 29,249	\$ 37,432	\$ 35,859	56.3%	\$ 63,687

(A) Annual Budget includes prior year encumbrances budget of \$15,958.

(B) The encumbrance balance is \$12,382 as of January 2013. If encumbrance is included, the percentage of actual to budget is at 94%.

(C) There were no claims for Liabilities under \$50,000 as of January 2013. Actual expense represents insurance and admin fee.

(D) Annual transfers to the Telephone Replacement and Data Communications Funds were posted at 100% of the budget at the beginning of the fiscal year. Monthly transfers to PC Replacement Fund are at 58% of budget.

CABLE TV - PUBLIC ACCESS
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013

Cash flows from operating activities

Operating income (loss)	\$ (212,829)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Increase (Decrease) in accounts payable	<u>(431)</u>
<i>Net cash used by operating activities</i>	\$ (213,260)

Cash flows from non-capital financing activities

Operating transfers in	248,205
Operating transfers out	<u>(2,700)</u>
<i>Net cash provided by non-capital financing activities</i>	<u>245,505</u>
<i>Net change in cash</i>	32,245

Cash and cash equivalents, July 1, 2012	<u>58,283</u>
--	----------------------

Cash and cash equivalents, January 31, 2013	<u><u>\$ 90,528</u></u>
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PUBLIC EDUCATION GOVERNMENT ACCESS (PEG) FUND**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED**

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2013	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Public Education Government Fees	\$ 320,000	\$ 92,206 (A)	28.8%	\$ 356,500	\$ 320,000	\$ 86,085	24.2%	\$ 355,584
Total Operating Revenues	320,000	\$ 92,206	28.8%	356,500	320,000	\$ 86,085	24.2%	355,584
OPERATING EXPENSES:								
Capital Outlay	60,000	7,972	13.3%	60,000	-	-	N/A	-
Total Operating Expenses	60,000	7,972	13.3%	60,000	-	-	N/A	-
OPERATING INCOME (LOSS)	260,000	84,234	32.4%	296,500	320,000	86,085	24.2%	355,584
OPERATING TRANSFERS OUT	(81,000)	(81,000) (B)	100.0%	(81,000)	(150,000)	(150,000)	100.0%	(150,000)
NET INCOME (LOSS)	\$ 179,000	\$ 3,234	1.8%	\$ 215,500	\$ 170,000	\$ (63,915)	-31.1%	\$ 205,584

(A) 2nd Qtr PEG Fees Revenues of \$94,604 were received in February 2013. If these revenues are included, the percentage of actual to budget is at 58%. Actual revenues are received after the end of each quarter.

(B) Represents transfer to Capital Fund for FEAP803-TV Playback Equipment-TUSD channel and FEAP295- Queuing System at the Permit Center.

PUBLIC EDUCATION GOVERNMENT ACCESS (PEG) FUND***STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2013******Cash flows from operating activities***

Operating income (loss) \$ 84,234

Adjustments to reconcile operating income (loss)
to net cash provided by operating activities(Increase) Decrease in accounts receivable 92,734***Net cash provided by operating activities*** \$ 176,968***Cash flows from non-capital financing activities***Transfers-out (81,000)***Net cash used by non-capital financing activities*** (81,000)***Net change in cash*** 95,968**Cash and cash equivalents, July 1, 2012** 885,273**Cash and cash equivalents, January 31, 2013** \$ 981,241

ANIMAL CONTROL FUND**BALANCE SHEET
JANUARY 31, 2013**January 31, 2013**ASSETS****Current Assets**

Pooled Cash and Investments

\$ -

Total Current Assets

-

Total Assets

\$ -

LIABILITIES AND FUND EQUITY (DEFICIT)**Current Liabilities**

Accounts Payable

\$ -

Total Liabilities

-

Fund Equity (Deficit)

Retained Earnings (Deficit)

-

Total Fund Equity (Deficit)

-

Total Liabilities and Fund Equity (Deficit)

\$ -

Schedule V-1

ANIMAL CONTROL FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2013 - 58.9% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/13	FY 2012 Annual Budget	FY 2012 Year-To-Date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Animal licenses/permits	\$ 222,000	\$ 77,827 (A)	35.1%	\$ 235,000	\$ 222,000	\$ 39,350 (A)	18.9%	\$ 208,176
Other Revenues	-	3,707 (B)	N/A	5,935	-	4,429	64.0%	6,924
Total Operating Revenues	222,000	81,534	36.7%	240,935	222,000	43,779	20.4%	215,100
OPERATING EXPENSES:								
Salaries and employee benefits	343,400	148,827 (C)	43.3%	262,677	343,600	144,025	57.5%	250,472
Services and supplies	9,000	1,718	19.1%	4,031	9,000	179	7.4%	2,416
Other professional services	95,000	28,883 (D)	30.4%	72,659	95,000	27,816 (E)	41.5%	66,982
Training, travel and membership dues	3,000	1,033	34.4%	2,540	3,000	1,937	84.0%	2,307
Others-interdepartmental charges	15,900	9,275	58.3%	15,900	15,367	8,967	58.4%	15,367
Total Operating Expenses	466,300	189,736	40.7%	357,807	465,967	182,924	54.2%	337,544
OPERATING INCOME (LOSS)	(244,300)	(108,202)	44.3%	(116,872)	(243,967)	(139,145)	113.6%	(122,444)
OPERATING TRANSFERS IN	248,000	87,075	35.1%	116,872	243,967	139,145	129.4%	107,568
NET INCOME (LOSS)	\$ 3,700	\$ (21,127)	-671.0%	\$ -	\$ -	\$ -	0.0%	\$ (14,876)

- (A) Prior year includes offsetting payments to PetData for June 2011 license fee collection services of \$14,746. Current year doesn't include a similar offset because the June 2012 PetData invoice for \$22,665 was received early and paid against June 2012 revenues. Current year license revenues are also up due to more licenses being issued as of January.
- (B) This amount represents impound fees collected from pet owners and \$75 in donations.
- (C) Animal Control Officer position has been vacant since December 2011.
- (D) On October 20, 2009 Council approved a 5 year agreement with the County of Los Angeles for \$450,000. The Department of Animal Care and Control invoices for services are paid through November 2012. The prior year results include payments for services through October 2011.

ANIMAL CONTROL FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2013****Cash flows from operating activities**

Operating loss	\$	(108,202)	
Adjustments to reconcile operating loss to net cash used by operating activities			
Decrease in accounts receivable		56,656	
(Decrease) in accounts payable		<u>(35,529)</u>	
Net cash used by operating activities			\$ (87,075)

Cash flows from noncapital financing activities

Operating transfers in	<u>87,075</u>	
Net cash provided by noncapital financing activities		<u>87,075</u>

Net change in cash		-
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Cash, restricted cash and cash equivalents, July 1, 2012		<u>-</u>
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Cash, restricted cash and cash equivalents, January 31, 2013		<u><u>\$ -</u></u>
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AIR QUALITY MANAGEMENT DISTRICT FUND**BALANCE SHEET
JANUARY 31, 2013**

	<i>January 31, 2013</i>	
ASSETS		
Pooled Cash and Investments	\$	123,905
Total Assets	\$	123,905
LIABILITIES AND FUND EQUITY		
Fund Equity		
Retained Earnings - Reserved		17,876
Retained Earnings - Unreserved		106,029
Total Fund Equity		123,905
Total Liabilities and Fund Equity	\$	123,905

AIR QUALITY MANAGEMENT DISTRICT FUND
STATEMENT OF REVENUES & EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

Schedule W-1

	<i>Annual Budget</i>	<i>Year-to-date Actual Without Enc.</i>	<i>% of Budget</i>	<i>Projected Actual at 06/30/13</i>	<i>FY 2012 Annual Budget</i>	<i>FY 2012 Year-to-date Actual Without Enc.</i>	<i>FY 2012 Actual to Actual % Without Enc.</i>	<i>FY 2012 Prior Year Total</i>
Revenues:								
Use of money and property	\$ 2,000	\$ 1,205	60.3%	\$ 1,942	\$ 2,000	\$ 1,310	66.1%	\$ 1,983
Intergovernmental	170,000	43,862 (A)	25.8%	180,000	170,000	52,338	28.6%	183,038
Total revenues	172,000	45,067	26.2%	181,942	172,000	53,648	29.0%	185,021
Expenditures:								
Current:								
Salaries & benefits	43,494	22,030 (B)	50.7%	37,928	42,680	21,675	59.3%	36,571
Materials & supplies	78,662	29,339 (C)	37.3%	45,000	78,662	34,858	74.8%	46,577
Professional technical	67,720	37,480 (D)	55.3%	67,720	67,720	36,540	55.0%	66,460
Total expenditures	189,876	88,849	46.8%	150,648	189,062	93,073	62.2%	149,608
Excess (deficiency) of revenues over expenditures	(17,876)	(43,782)	244.9%	31,294	(17,062)	(39,425)	-111.3%	35,413
From Fund Balance -Operations	17,876	10,529	58.9%	-	17,062	17,062	N/A	-
From Fund Balance -Capital Project	-	-	N/A	-	31,000	-	N/A	-
Operating transfers out	-	-	N/A	-	(31,000)	(31,000)	100.0%	(31,000)
Excess (deficiency) of revenues over expenditures	\$ -	\$ (33,253)	N/A	\$ 31,294	\$ -	\$ (22,363)	-506.8%	\$ 4,413

- (A) Second quarter revenue of \$40,740 was received in March 2013. If included in January, revenues would have been 49.8%.
(B) Employee's prescheduled labor charges to AQMD were reduced for this fiscal year and may come in under-budget. The budget for 2013-14 will be adjusted to be in line with actual charges.
(C) Redemption of incentive program points has been low as of January 2013.
(D) Professional fees for January in the amount of \$2,520 were paid in February 2013. If paid in January, the percentage expended would have been 59.1%.

VAN POOL/RIDESHARE FUND
BALANCE SHEET
JANUARY 31, 2013

January 31, 2013

ASSETS

Pooled Cash and Investments	\$	17,203
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Total Assets	\$	17,203
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable	\$	60
Total Current Liabilities		60

Fund Equity

Retained Earnings - Unreserved	\$	17,143
Total Fund Equity		17,143

Total Liabilities and Fund Equity	\$	17,203
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VANPOOL/RIDESHARE FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2013 - 58.9% EXPIRED

Schedule X-1

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/13	FY 2012 Annual Budget	FY 2012 Year-to-date Actual Without Enc.	FY 2012 Actual to Actual % Without Enc.	FY 2012 Prior Year Total
OPERATING REVENUES								
Passenger Cash Fares	\$ 50,000	\$ 32,730	65.5%	\$ 54,200	\$ 50,000	\$ 27,298	52.3%	\$ 52,178
Other Grants	39,000	24,595	63.1%	36,000	44,000	23,618	69.2%	34,140
Total Operating Revenues	89,000	57,325	64.4%	90,200	94,000	50,916	59.0%	86,318
OPERATING EXPENSES								
Salaries and employee benefits	80,010	43,343 (A)	54.2%	77,850	80,915	46,539	57.5%	80,915
Services and supplies	170,510	92,256	54.1%	155,000	175,415	87,721	60.1%	145,879
Other professional services	5,600	2,380 (B)	42.5%	4,720	5,600	3,045	62.1%	4,900
Other- Insurance	250	162	64.8%	250	-	-	0.0%	-
Total Operating Expenses	256,370	138,141	53.9%	237,820	261,930	137,305	59.3%	231,694
OPERATING INCOME (LOSS)	(167,370)	(80,816)	48.3%	(147,620)	(167,930)	(86,389)	59.4%	(145,376)
Transfer In	167,930	97,959	58.3%	167,930	167,930	97,959	67.4%	145,376
Return to Prop C Fund	(560)	-	0.0%	(20,310)	-	-	N/A	-
NET INCOME (LOSS)	\$ -	\$ 17,143	N/A	\$ -	\$ -	\$ 11,570	N/A	\$ -

(A) Salaries are below budget because department has been using temporary employee as of November 2012.

(B) Fewer than expected monthly passes were purchased.

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Program
Modifications

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: City Manager – Review Roles and Responsibilities of the Investment Advisory Committee (IAC).

RECOMMENDATION

Recommendation of the City Manager that the Finance and Governmental Operations Committee consider the following options:

1. Investment Advisory Committee continue its annual duties, as well as periodic review of City's Investment Policy
2. Assign the functions of the Investment Advisory Committee to the City Council Finance and Governmental Operations Committee and utilize the services of an independent Investment Advisor to assist the Committee
3. Retain the current Investment Advisory Committee roles and responsibilities with the City Attorney, the City Manager, the Finance Director and the City Treasurer and utilize the services of an independent Investment Advisor to assist the Committee

Funding

Funding is available in departmental operating budgets.

BACKGROUND / ANALYSIS

The Investment Advisory Committee was established with the adoption of Resolution 93-98 in response to concerns expressed by the City Council regarding the oversight of city investments. A comprehensive "Review of Investment Policies, Practices and Procedures" was conducted by Deloitte and Touche in January 1992 to provide the City Council with recommendations to ensure compliance and oversight. The Deloitte and Touche Report is attached to this item as Attachment B. One of the key recommendations was the creation of an independent advisory committee consisting of the City Manager, City Attorney, and Finance Director to meet monthly and review investments and strategy with the City Treasurer.

The Investment Advisory Committee was established as the independent advisory committee with the intent of providing review of systematic investing guideline, safeguards via oversight, and internal controls over investment functions in order to assist City Council in providing the City Treasurer with investment policy direction. As a result of the role of the Investment Advisory Committee and its oversight, the City has achieved the following:

- Internal control over the investment function
- Operational efficiency and effectiveness
- Accountability
- Cooperative effort in the investing and safeguarding of the City's investment assets

It has been over twenty years since the creation of the Investment Advisory Committee, therefore a review of roles and responsibilities is necessary to ensure compliance with initial City Council intent. The

City Manager recommends that another review be conducted. Key considerations include the following questions:

- Best Practices
- Role of the Investment Advisory Committee
- Role of the Finance and Governmental Operations Committee and/or City Council

In preparation for this discussion, staff reached out to several local agencies to seek information regarding the roles of their Investment Advisory Committees. The findings are included in this item as Attachment C.

The City Treasurer was unavailable to review this item. However, comments from the City Treasurer will be available prior to the Finance and Government Operations Committee meeting. The City Treasurer's comments will be added to this item as Attachment A.

The City Manager recommends the following three for the Finance and Governmental Operations Committee's consideration:

Option 1

- Assign the functions of the Investment Advisory Committee to the City Council Finance and Governmental Operations Committee and utilize the services of an independent Investment Advisor to assist the Committee.

Option 2

- Retain the current Investment Advisory Committee roles and responsibilities with the City Attorney, the City Manager, the Finance Director and the City Treasurer and utilize the services of an independent Investment Advisor to assist the Committee.

Option 3

- Investment Advisory Committee continue its annual duties, as well as periodic review of City's Investment Policy


Based on the direction provided to staff from the Finance and Governmental Operations Committee, additional follow up may occur as needed.

Respectfully submitted,

LEROY J. JACKSON
CITY MANAGER

By 
Aram Chapalyan
Assistant to the City Manager

CONCUR:


Leroy J. Jackson
City Manager

Attachment A: Comments by the City Treasurer (Material available Monday)
Attachment B: 1992 Review of Investment Policies, Practices and Procedures Report prepared by Deloitte and Touche
Attachment C: Survey of Investment Advisory Committees
Attachment D: California Government Code Section 53600-53610

MATERIAL AVAILABLE MONDAY

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**Deloitte &
Touche**



CITY OF TORRANCE

**REVIEW OF INVESTMENT POLICIES, PRACTICES
AND PROCEDURES**

January 1992

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January 28, 1992

Mr. LeRoy J. Jackson
City Manager
The City of Torrance
3031 Torrance Boulevard
Torrance, California 90503

Dear Mr. Jackson:

We are pleased to present our report summarizing the results of our review of the City of Torrance's investment function. This report describes the scope of our work and provides recommendations which, when implemented and properly monitored, will significantly strengthen controls over investments.

The purpose of our review was to identify opportunities where the City can strengthen controls and safeguards surrounding the investment function. The scope of our review was limited to the City's surplus funds and did not include investments related to debt proceeds or other restricted assets. We encourage the City to consider conducting a similar investment review of these funds.

Our report focuses on weaknesses in investment policies, practices and procedures. Accordingly, we have not commented on existing strengths.

Overall, we found the City needs to take immediate and decisive steps to implement new and strengthen existing controls over the investment function. It should be noted that the City has already begun the process of developing a more comprehensive investment policy. We encourage the City Council to carefully review and consider the recommendations discussed in detail in the following report and upon concurrence take the following actions:

- Review, finalize and approve a more comprehensive Statement of Investment Policy;
- Authorize a reorganization of the investment function, the purpose of which is to facilitate improved management and internal controls;

- Authorize an independent department head to supervise the design, development and documentation of procedures which effectuate a strong system of controls over the Treasury function. This individual should provide periodic progress reports to the City Manager and the Council.

We would like to thank the City Manager, the Director of Finance, the Treasurer and their staffs for the valuable input and excellent cooperation we received during the course of our review.

We appreciate this privilege to provide assistance to the City of Torrance. Please call Charles S. Ream at (213) 253-4618 or Joel H. Poladian at (213) 253-4694 if you have any comments, questions, or require further assistance.

Very truly yours,

Deloitte & Touche

I. INTRODUCTION

The City of Torrance engaged the accounting and management consulting firm of Deloitte & Touche to conduct a review of investment policies, practices and procedures with particular emphasis placed on internal controls. The review focused on five major areas within the investment function which impact the effectiveness of controls: organization, policy, investment operations, reporting and internal controls.

Our review of the City's practices, policies and procedures identified significant opportunities for strengthening investment management and internal controls. Investment policy recommendations are based upon our review of the City's existing policy and the policy currently being developed. Our recommendations are discussed in detail in Section III.

II. SCOPE AND METHODOLOGY

The scope of our review was limited to the City's surplus funds and did not include investment of debt proceeds or other restricted assets.

The scope of our review of the City's surplus funds did not include a review of cash flow forecasting practices. It should be noted, however, that cash flow forecasting is an integral part of managing an investment portfolio.

During our work, we performed the following major tasks:

- o Interviewed treasury staff.
- o Gathered and reviewed internal treasury documents and portfolio reports.
- o Reviewed the organizational structure of the Treasurer's Office.
- o Evaluated the City's investment policy, focusing on the types of allowable investments, the parameters for maturity and diversification, the controls over transactions, and compliance with the California State Government Code.
- o Reviewed the investment procedures and processes, with emphasis upon the evaluation of internal controls over the investment function.
- o Evaluated the effectiveness of investment records and reports for managing day-to-day operations and providing adequate information to management.



III. RECOMMENDATIONS

A. ORGANIZATION

Discussion: Adequate controls over investment activities are important to the safeguarding of public assets. However, the California State Government Code Sections 53600 et. seq. (the "Code") regulating public investments and deposits, provides little specific guidance regarding organizational structure and procedures needed to accomplish this critical objective. Indeed, many of the existing Code requirements that are related to safeguards often arise reactively, i.e., after problems have already occurred.

The Code does vest the legislative body (City Council) with the authority to invest the City's surplus funds (Section 53601). It also gives the City Council (the "Council") the responsibility for meeting the City's financial obligations. The Code provides the Council with the authority to delegate its investment duties to the Treasurer (Section 53607).

Most legislative bodies do delegate investment duties to an elected or appointed Treasurer. Thereafter, weaknesses in safeguards and controls over investments can occur because checks and balances cannot exist when nearly all the responsibilities for investment function reside in the Treasurer's Office. Delegating complete investment responsibility to one office violates a fundamental principle of good control, i.e., separation of duties.

Generally, a city council's sole opportunity to influence investment policy is during the annual investment policy review. In many cities, the same policy is reviewed year after year with no real guidance provided to the Treasurer.

Councils do typically receive monthly Treasurer's reports. However, there can be no assurances that this report is complete or accurate if adequate controls over the investment function are not in place. Additionally, even though Council members may possess a valuable diversity of educational backgrounds and work experience, generally the technical background needed to understand the Treasurer's reports and ask meaningful questions is limited. Nor, as a practical matter, is it possible to provide council members with an in-depth background.

When cities delegate investment duties to an elected Treasurer, there can be no assurance that the elected official has the necessary background and training to properly carry out his function. Many cities provide the Treasurer with an Investment Officer who has specific education and experience to assist him in properly carrying out his duties. The number of California cities that have experienced investment losses in recent years, suggests that adherence to the Code does not safeguard against investment losses.

Recommendations: We believe the City Council should be pro-active in guiding the development of the City's investment organizational structure that provides for a strong system of checks and balances over investment activities. This requires that City staff, in addition to the Council and the Treasurer, be involved in investment activities. Below, we have enumerated our recommendations with respect to the general form this organizational structure should take.

Organizational Structure

The Council should authorize the reorganization of the investment function, the purpose of which is to facilitate strong management and internal controls.

The City is currently considering the formation of an independent Treasury Advisory Committee. We concur with this concept and believe that such a committee will improve City management controls over the investment function.

Assign qualified City staff independent of the Treasurer's office, e.g., finance personnel, a day-to-day role in providing internal controls over the investment function. Duties should include checking the accuracy and completeness of Treasury reports, verification of investment transactions, wire transfers and interest received.

The City should establish an Investment Officer position requiring an educational background and experience in fixed income and money market investments.

Education

The City should develop formalized educational requirements for incoming Council members, the Treasurer, Treasury staff, and any other staff with investment function responsibilities. Suggested guidelines for education are provided below:

- o Incoming Council members should receive an orientation on City investments which addresses issues such as:
 - . Council's role and responsibilities
 - . All City staff roles and responsibilities
 - . Related California State Government Codes
 - . Characteristics of allowable investment instruments
 - . Existing controls and safeguards over investment assets
 - . Investment Reports

Education (cont'd.)

- o The Treasurer and his staff should receive on-going education which should address such issues as:
 - . Roles and responsibilities of all positions
 - . Related California State Government Code
 - . Investment controls and safeguards
 - . Characteristics of investment instruments
 - . Determining quality and safety of investments
 - . Use of electronic investment systems
 - . Collateral
 - . Safekeeping
 - . Reporting requirements
 - . Recordkeeping
 - . Yield curve analysis
 - . Evaluation of investment opportunities
 - . Evaluating the financial safety and strength of brokers, dealers and financial institutions.
 - . Market trends and current issues

B. POLICY

Discussion: The California State Government Code in and of itself does not provide sufficient direction to cities to ensure the proper management and safety of investment assets. For example, the Code allows cities to invest in a very broad range of investments. Depending on a city's portfolio size, staff size and sophistication, and degree of risk-adverseness. This list may or may not be appropriate. In addition, it provides little specific guidance in the area of investment controls.

In 1984 the State Legislature amended Section 53646 of the California State Government Code to require that the Treasurer (or Chief Fiscal Officer) annually render a Statement of Investment Policy to the legislative body and to provide in the monthly Treasurer's report specific types of information. Although these amendments became inoperative January, 1991, we strongly believe these procedures are vital to the Council's ability to exercise proper management review over the investment function.

The City's investment policy is critical to the proper management and safeguarding of the City's funds. Without a current and relevant policy, the Treasurer, in effect, receives little or no guidance from the Council. It is common and prudent practice for cities to adopt a more comprehensive investment policy, with investment parameters that are more restrictive, than the Code.

Recommendations: We are pleased to report that the Director of Finance is currently in the process of revising the City's investment policy. We strongly encourage members of the Council to give serious consideration to the contents of this document. We believe that the Council should use the investment policy as a tool to guide the Treasurer, other City staff involved in investment transactions and members of the investment community with whom the Treasurer is authorized to transact business. Our recommendations regarding the specific contents of the City's investment policy are provided below.

Key Issues

The Council should review the investment policy to ensure that it addresses the areas listed below. Many of these issues are discussed in greater detail in this and subsequent sections of this report.

- . Purpose of the policy
- . Scope
- . Investment objectives
- . Investment philosophy
- . Delegation of authority
- . List of allowable investments

Key Issues (Cont'd.)

- . List of prohibited investments
- . Diversification guidelines (by type, issuer, selling institution, maturity)
- . Limits on maturity by investment type
- . Maximum maturity limit on any individual transaction
- . Minimum quality guidelines
- . Liquidity requirements
- . Guidelines for internal controls, including authorizations.
- . Safekeeping
- . Collateral requirements
- . Guidelines for broker/dealer selection
- . Required elements of the Monthly Report
- . Requirement for annual review of Statement of Investment Policy

Investment Philosophy

The policy should set forth an investment philosophy which requires investments be purchased with the intention to hold in the City's portfolio until the stated maturity date. The statement should expressly prohibit active trading and/or speculative investment transactions (i.e., the purchase of securities with the intent to profit from favorable short-term changes in market prices).

Allowable Investments

The policy should expressly prohibit the following investments: reverse-repurchase agreements, futures, options, any security with high price volatility or limited marketability such as TIGERS, STRIPS, zero coupon, mortgage-backed securities, and real estate investment trusts. This provision is especially important because it will limit the ability of investment salespeople representing brokers, dealers and financial institutions to sell inappropriate instruments.

Diversification and Quality Guidelines

The policy should establish guidelines to minimize risk. These guidelines should specify minimum quality standards and set limits by investment type, issuer and maturity of each investment type. They must comply with the State Government Code but may be more restrictive than the State Government Code in order to ensure adequate diversification given the size of the portfolio and the City's degree of risk averseness. Suggestions for guidelines are listed below.

- o An illustration of limits by investment type and maturity limits by type is provided in Appendix A.
- o In making a determination of the overall maximum amount which can be invested in any single issuer (other than the U. S. Government) the City must decide the amount it is willing to risk potentially falling into bankruptcy proceedings. As a starting point we suggest 5% of the total portfolio, or approximately \$3.5 million. (If quality guidelines are adhered to in the selection of an investment, then the risk of an issuer defaulting is minimized.)
- o The policy should establish a maximum term to maturity for any single investment purchase (the State Code allows a maximum term of five years) and an average weighted life for the entire portfolio. For example, the City might limit individual investment purchases to a maximum of three years and the average weighted life of the portfolio to 1.5 years.
- o The policy should include minimum guidelines governing the quality of investment instruments selected by the Treasurer. The California State Government Code does specify quality standards for most allowable investment types. We believe these are adequate.

Annual Review

The policy should require that the Investment Policy be submitted for review annually to the Treasury Advisory Committee for an evaluation of its completeness and relevancy, and to the City Attorney for a compliance review to all governing laws and regulations prior to its submittal to City Council for annual review.

C. INVESTMENT OPERATIONS

Discussion: Generally, investment operations can be described as the practices and procedures used by the Treasurer and his staff for selecting, placing, recording and reporting investment transactions and executing and recording money transfers. These procedures and practices determine the quality of management over the investment portfolio and impact the ability to monitor and audit the investment function.

Recommendations:

Investment Execution

Procedures which accommodate shopping the market and placing and recording all allowable investments need to be developed and implemented. These procedures should be documented and include forms and worksheets as needed such as:

- o A redesigned internal investment advice. Its purpose is to facilitate accurate recording and reporting of all investments. An internal investment advice is a one page form which the Treasurer uses to record the details of an executed investment transaction. It is used to input transaction details to the investment system, to reconcile against confirmations generated by the financial institution selling the instrument and as a paper trail for audits.
- o A redesigned competitive bid sheet. Its purpose is to facilitate comparing yields on investments and documenting the competitive bid process.

Recordkeeping

The Treasurer should evaluate, monitor, record and report on the quality of investments. The Treasurer or his staff should input the quality ranking of each investment to the City's automated investment portfolio management system ("SymPro"). Files should be maintained with rating information and/or quarterly reports to facilitate verifying data.

The Treasurer's Office should record the safekeeping institution for each transaction, if applicable, by inputting the name of the institution to the SymPro system.

The Treasurer's Office should record all investment purchases and sales in the Treasurer's records by inputting each transaction to the SymPro system. The practice of reporting only transactions on month-end statements should be eliminated. In addition, if a number of instruments are sold during the month, any losses on sales should not be netted against gains. Each transaction's loss or gain should be recorded separately.

The Treasurer's Office should record interest received by inputting the amount received into the SymPro system.

Bank Rating Service

The Treasurer should subscribe to a bank rating service to facilitate the monitoring of financial strength and soundness for use in selecting banks from which to purchase both negotiable and non-negotiable C.D.s.

Cash Flow Forecast

The Treasurer should use a cash flow forecast or cash plan that will enable the matching of investment maturities to the City's cash needs. A forecast enables the Treasurer to diversify the portfolio by maturity and take full advantage of higher yield opportunities typically available on longer term instruments without compromising safety and liquidity objectives.

D. REPORTING

Discussion: Investment portfolio reports are critical to management's understanding and control over investment activities. Reports must be timely, complete and correctly represent the status of the portfolio. Summary reports that analyze key portfolio information are necessary in order for Council to be able to quickly and efficiently understand and properly review portfolio transactions and performance.

Recommendations: We recommend the City develop reports which more completely describe the status of the City's portfolio. We recommend that summary reports be developed which highlight key portfolio statistics and investment transactions. The monthly Treasurer's Report should include the following types of information in order to serve as a purposeful management tool:

- o The percentage of each type of investment instrument in the current portfolio and written explanation of any variances from policy.
- o The percentage of the portfolio invested with each broker, dealer and/or financial institution. The purpose of this report is to inform the Council about which institution is transacting investment business.
- o Percentage of the portfolio invested by each issuer. (The issuer may differ from the selling institution. For example, Prudential Bache may sell a C.D. issued by Citibank.)
- o Monthly transaction listing showing all new purchases and sales for the month. This report is an indication of the frequency and types of transactions. This report should include information pertaining to the gain or loss on each transaction.
- o Unrealized gains and losses.
- o Summary report listing each transaction and its quality rating and safekeeping location.
- o Summary report of portfolio maturity structure, showing the percentage of the portfolio maturing in each period, e.g. percent maturing in one day, one month, two months, one year, two years, etc.

- o Quarterly the Treasurer should make an oral presentation accompanied by a brief narrative memorandum addressing recent investment activity, current financial market conditions, and the investment strategy for the upcoming quarter.
- o Quarterly the report should include a cash flow plan and demonstrate the City's ability to meet its operating requirements including any planned disbursements for capital improvements.

E. CONTROLS

Discussion: The objectives of internal control over the investment function are the:

- . orderly and efficient conduct of business, including adherence to management policies,
- . safeguarding of assets,
- . prevention or detection of errors and fraud,
- . accuracy and completeness of the accounting records, and
- . timely preparation of financial information.

The elements of strong internal control over the investment function include the segregation of functions, authorization, accounting controls, safeguarding of assets and records and management controls. The purpose of each of these elements is discussed below.

Segregation of incompatible functions reduces the risk that a person is in the position to both perpetrate and conceal errors or fraud in the normal course of duty. If two parts of a transaction are handled by different people, collusion is necessary to conceal errors or fraud. In particular, the functions that should be considered when evaluating segregation of functions are authorization, execution, recording, custody of assets and performing reconciliations.

All transactions should be authorized by an appropriate responsible individual. The responsibilities and limits of authorization should be clearly delineated. The individual or group authorizing a specific transaction or granting general authority for transactions should be in a position commensurate with the nature and significance of the transactions.

Controls over the investment accounting system include procedures carried out independently to ascertain that recorded transactions are complete, valid, authorized and properly recorded.

Controls which safeguard assets and records include the prevention and detection of loss, theft or deterioration of assets. In addition, safeguards are necessary to prevent the loss or destruction of records and documentation. These controls include custodial controls and accounting controls. Custodial controls are designed to prevent or detect unauthorized access to or use of assets and records. Accountability controls compare accounting records to assets to determine whether recorded assets exist and are properly recorded.

Management controls include day-to-day supervision, overall supervisory controls, management review of significant transactions and management review of adequacy of internal controls.

Recommendations: We believe one of the first actions the City should take is to authorize an independent department head to develop, document and implement internal investment controls. Such procedures will facilitate adherence to investment policy, the assignment of roles and responsibilities for all individuals with investment function responsibilities, and ensure proper implementation and monitoring of internal controls. Our specific recommendations regarding those controls are listed below:

Authorization

The City should require the Treasury Advisory Committee to review the selection of all brokers, dealers, and financial institutions prior to submittal for consideration for approval to the City Council.

The City should require all financial institutions with whom the City transacts investments to provide written certification signed by an individual with the authority to enter into binding agreements of the financial institution's understanding of the City's investment policy and objectives.

The City should require that the establishment of investment and/or bank accounts with financial institutions require the review and approval of an independent department head delegated this responsibility by Council.

The policy should require that written investment agreements and/or contracts be entered into only with the prior review of the City Attorney and approval by the City Council.

Safeguarding of Assets

The City should establish stringent criteria for the selection of brokers, dealers and financial institutions. A standardized comprehensive broker, dealer, financial institution questionnaire should be developed to facilitate gathering information and maintaining audit trails. Suggestions regarding criteria for selection include:

- o Minimum of ten years in business.
- o Registration with the National Association of Securities Dealers (the "NASD" and the Securities and Exchange Commission (the "SEC"),
- o Very high capital requirements that limit the City's investment business to only the most fiscally sound financial institutions. The institution must demonstrate that capital reserves meet SEC standards and have never fallen short.
- o Must never have been the subject of a state or federal investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of securities.
- o Must carry SIPC or other insurance and disclose amount and conditions of coverage.
- o Must fully disclose method of compensation and a complete schedule of fees and charges.
- o Debt ratings, including commercial paper issued by the broker/dealer must carry the highest possible rating

The City should safekeep all deliverable (physical) securities in an account in the City's name with a third party safekeeping institution or bank trust department. No securities should be safekept in the City's safe.

Collateral securing the City's investments in non-negotiable C.D.s should be safekept with a third party safekeeping institution (generally the Federal Home Loan Bank of San Francisco) as specified in Section 53656 of the Code. The City should request and review a monthly collateral report from the Superintendent of Banks listing collateral held for each of the City's non-negotiable C.D.s. Generally, cities waive the collateral requirement for the initial \$100,000 of each C.D., since this portion is insured by FDIC or the FSLIC.

Safeguarding of Assets (Cont'd.)

Collateral securing overnight transactions such as repurchase agreements may be safekept in the City's name at the issuing institution provided a master repurchase agreement perfecting the City's ownership of the underlying securities is in effect. A master repurchase agreement is a legally binding contract by and between the City and the institution with whom the City transacted the repurchase agreement. All master repurchase agreements should be reviewed by the City Attorney and approved by the City Council.

Wire transfers

The City should make the following modifications for wire transfer procedures to strengthen controls over money movements.

- o Eliminate telephone wire transfers unless absolutely necessary, and then only with the review and written authorization of the Treasurer and the Director of Finance. Accordingly, the existing wire transfer agreement between the City and the bank should be revised. The agreement should specify call-back procedures including designation of an independent department head who should be called for authorization to release telephonic wire transfers. The letter should limit those authorized to initiate telephonic wire transfers to the Treasurer and the Deputy Treasurer.
- o Replace, to the greatest extent possible, telephonic transfers with safer electronic wire transfers. Users of electronic wire transfer systems initiate and release wires using secret codes. The majority of these wires should be set up within the system as repetitive wires. These are wires in which the City's bank account and the beneficiary bank account are both pre-specified in the system. Therefore, money movements are restricted to City authorized accounts. These wires should only require authorization by the Treasurer or the Deputy Treasurer.

A non-repetitive wire is one where the initiator of the transaction specifies the beneficiary account. Any non-repetitive wire should require dual authorization. The Treasurer or his Deputy would initiate the wire and an independent staff person, e.g. Director of Finance would authorize the release of the funds.

Segregation of Duties

The City should segregate the functions of investment execution and investment transaction verification and reconciliation by assigning the control function to an independent and qualified staff person, e.g. Finance Department personnel. Verification of safekeeping receipts and verification of amount and receipt of interest received should be assigned this individual. Investment confirmations and safekeeping receipts should be mailed directly to the assigned staff person.

Periodic Reviews

The City should conduct periodic reviews of the investment function including review of collateral, key areas of the portfolio such as investment types, purchase prices, market values, maturity dates, investment yields and adherence to written policies and procedures.

EXHIBIT A

**CITY OF TORRANCE
ILLUSTRATION OF DIVERSIFICATION GUIDELINES
(COMPARED TO STATE CODE)**

ALLOWED INVESTMENTS	RECOMMENDED		STATE CODE	
	% LIMIT OF TOTAL PORTFOLIO	MAXIMUM TERM LIMIT	% LIMIT OF TOTAL PORTFOLIO	MAXIMUM TERM LIMIT
U.S Treasury Bills, Notes & Bonds	20%	3 years	No Limit	5 years
Obligations of Federal Agencies, or Government Sponsored Enterprises	20%	3 years	No Limit	5 years
Banker's Acceptances	20%	180 days	40%	270 days
Non-negotiable C.D.s	10%	2 years	No Limit	
Negotiable C.D.s	20%	3 years	30%	5 years
Repurchase Agreements	10%	30 days	No Limit	365 days
Commercial Paper	20%	180 days	15% / 30%	180 days / 31 days (avg.)
LAIF	Maximum allowable by LAIF	5 years	100%	5 years

GLOSSARY

BANKER'S ACCEPTANCE (B.A.)

Banker's Acceptances are instruments which arise from bank letters of credit used by importers to finance purchases of tangible goods from exporters. The letter of credit is transformed into a B.A. when the exporter's bank reviews, approves and stamps "accepted" on the draft. A B.A. is a short-term, negotiable, non-interest bearing note sold at a discount and redeemed by the accepting bank at maturity for full face value. B.A.s carry the issuer's pledge to pay, are backed by the underlying goods being financed, and also carry the guarantee of the accepting bank. An active secondary market exists in B.A.s.

BROKER

A middleman who brings buyers and seller together and handles their orders, generally charging a commission for his services. In contrast to a "principal" or a "dealer", the broker does not own or take a position in the security.

CERTIFICATE OF DEPOSIT (C.D.)

See negotiable C.D.s and non-negotiable C.D.s.

COLLATERAL

Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies. In California, state law requires that repurchase agreements, reverse repurchase agreements, non-negotiable C.D.s, and public deposits be collateralized. Collateral used to secure these investments and public deposits can be any eligible security allowed by state law, ranging from U.S. Treasury securities to mortgages.

COMMERCIAL PAPER

Commercial paper is a promissory note, usually unsecured, issued for a specific amount and maturity on a specific date. Although commercial paper does trade in the secondary market, it is not quite as liquid as Treasuries and Agencies. Issuers and dealers of commercial paper will in most cases buy back their paper. The maximum maturity of commercial paper is 270 days although, in practice most maturities range from 1 - 180 days. Commercial paper is normally sold at a discount from face value. Most issuers back their paper with lines of credit from banks to protect investors from the issuer's potential credit risk. Almost all commercial paper is rated with respect to credit risk.

DEALER

An individual or firm which ordinarily acts as a principal in security transactions. Typically, a dealer buys for his own account and sells to a customer from his inventory. His profit or loss is determined by the difference between the price he pays and the price he receives for the same security.

DELIVERY

There are two methods of delivery of securities: delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

ELIGIBLE BANKER'S ACCEPTANCES

In the BA market an acceptance may be referred to as eligible because it is acceptable by the Federal Reserve Bank (FED) as collateral at the Fed discount window and/or because the accepting bank can sell it without incurring a reserve requirement.

FEDERAL CREDIT AGENCIES

Agencies of the federal government set up to supply credit to various classes of institutions and individuals; e.g., S&Ls, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL HOME LOAN BANKS (FHLB)

The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

ISSUER

Any corporation, governmental unit or financial institution which borrows money through the sale of securities.

LIQUIDITY

A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked price is narrow and reasonable size can be done at those quotes. U.S. Treasury Bills are very liquid and are sometimes called cash.



MAKING A MARKET

A dealer is said to be making a market in a given security when he stands prepared to buy or sell at the bid and offer prices that he quotes. The market is maintained when he continues to quote bids and offerings over a period of time.

MARKETABILITY

A measure of the ease with which a security can be sold in the secondary market.

MATURITY

The date upon which the principal or stated value of an investment becomes due and payable.

NEGOTIABLE

A term used to designate a security the title to which is transferable by delivery.

NEGOTIABLE CERTIFICATE OF DEPOSIT

A large-denomination CD generally issued in \$1 million increments. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. C.D.s that mature beyond this range pay interest semi-annually. Negotiable C.D.s are issued by: U. S. banks (domestic C.D.s); U.S. branches of foreign banks (Yankee C.D.s); and thrifts. There is an active secondary market for negotiable domestic and Yankee C.D.s. However, the negotiable thrift C.D. secondary market is limited. Yields on C.D.s exceed those on U.S. Treasuries and Agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity (C.D.s, especially those issued by small and less well-known banks, are less liquid) and the risk that the issuing bank might fail. The Code does not require the collateralization of negotiable C.D.s. Bank rating services are available to assist the investor in selecting C.D.s issued by the most creditworthy banks.

NON-NEGOTIABLE CERTIFICATE OF DEPOSIT

A time deposit with a financial institution which earns interest at a specified rate for a specified term. Liquidation of the C.D. prior to maturity incurs a penalty. There is no secondary market for these instruments. They are not liquid. The Code classifies these investments as public deposits and requires all State financial institutions to provide collateral to secure them. Generally, financial institutions use mortgages to collateralize these deposits. The collateral is held only by financial institutions authorized by the Superintendent of Banks which administers the collateral program for public agencies. In the event of a default by the financial institution with whom the time deposit was placed, the local agency would own the underlying collateral which it could sell. In practice, it may be difficult to obtain and sell mortgages quickly because of the length of bankruptcy proceedings and the conditions present in the real estate market.

PORTFOLIO

Collection of securities held by an investor.

RATINGS

An evaluation given by Moody's, Standard & Poors, Fitch, or other rating services of a security's credit-worthiness.

REPURCHASE AGREEMENTS (REPO'S)

The purchase of portfolio securities by a public body (or any other investor), with a simultaneous agreement to resell the securities back to the seller on a specific future date, at the original purchase price, plus a negotiated interest payment. The California state law requires that repurchase agreements be collateralized.

SAFEKEEPING

A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET

A market made for the purchase and sale of outstanding issues following the initial distribution. For example, once the U.S. Treasury issues a Treasury Note it can be easily bought and sold again in the secondary market.

SECURED DEPOSITS

Bank deposits of state or local government funds which under the laws of certain jurisdictions must be secured by the pledge of acceptable securities (collateral).

TREASURY BILL

A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in 3 months, 6 months, or 1 year.

TREASURY NOTES

Direct debt obligations of the Federal Government, issued by the U.S. Department of the Treasury with original maturity of over one year up to ten years.

WIRE TRANSFER

A computer message system linking major banks. It is used not for effecting payments, but as a mechanism to advise the receiving bank of some action that has occurred, e.g., the payment by a customer of funds into that bank's account.

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Survey - Investment Advisory Committees in Region

Agency	1. Does the City have an Investment Advisory Committee (i.e. with City Manager, Finance Director City Attorney) or an oversight committee?	2. What are the roles and responsibilities of the Investment Advisory Committee members?	3. Does City utilize the services of a consultant?	4. Any feedback and comments are appreciated.
Burbank City Treasurer's Office 818-238-5880	Has a Treasurer's Oversight Committee (TOC) comprised of appointed volunteers, who may work or live in Burbank, but are not city employees. Currently there are 5 members. The City Treasurer is responsible for investment decisions and follows the city's investment policy http://www.ci.burbank.ca.us/modules/ShowDocument.asp?documentid=14944	TOC members review investments for compliance. They serve to provide oversight, not guidance or advice.	No	
Glendale 818-548-2066	Investment Policy Advisory Committee: 5 voting members: 4 dept. heads (right now it's dept. heads from Treasurer's, Finance, Water and Power, and City Manager's Office) and 1 appointed community member (typically serves for 4 years, but term length not in writing). Treasurer serves as chair. 2 non-voting members: City Attorney and internal auditor. Attorney does minutes for meetings.	Committee serves advisory role only. Helps Treasurer review performance, may recommend changes to policy to make sure it is consistent with investment objectives.	No	
Compton City Treasurer - Douglas Sanders, Treasurer's Dept 310- 605-5515	No		No	
Redondo Beach				

Survey - Investment Advisory Committees in Region

Treasurer Ernie O'Dell 310-318-0657 x 2752	Budget and Finance Commission - http://www.redondo.org/pdfs/treasurer/InvestmentPolicy.pdf pages 5-6	The Budget and Finance Commission shall review on a quarterly basis reports submitted by the City Treasurer analyzing the City's Investment Portfolio and Investment market trends. With respect to the Commission's investment oversight responsibilities, the intended purpose of the Budget and Finance Commission is to serve in an advisory capacity to the City Treasurer and City Council. Serving in this advisory capacity, the Budget and Finance Commission will provide an important oversight role to the function of City Treasurer's management of the City's investment portfolio, ensuring that the investment decisions of the City Treasurer are made in compliance with the established investment policy guidelines contained within this statement of Investment Policy.	No	
Agency	1. Does the City have an Investment Advisory Committee (i.e. with City Manager, Finance Director City Attorney) or an oversight committee?	2. What are the roles and responsibilities of the Investment Advisory Committee members?	3. Does City utilize the services of a consultant?	4. Any feedback and comments are appreciated.
Carson				
Treasurer Karen Avilla 310-952-1723	No		No	
El Segundo				
Treasurer Crista Binder 310-524-2309	Investment Advisory Committee http://www.elsegundo.org/depts/treasurer/invest.asp	The City has established an Investment Advisory Committee (AIAC@) comprised of the City Treasurer, the Finance Director, an El Segundo Resident (Council appointed) and a member of the investment community (Council appointed). The IAC shall be provided with copies of the monthly reports identified in Section 13. The IAC shall meet the third Tuesday at the end of each quarter to discuss the City's investments and shall communicate in writing any concerns or comments it has with respect to the City's investments or this Investment Policy to the City Council.	No	
Gardena				

Survey - Investment Advisory Committees in Region

Treasurer J. Ingrid Tsukiyama City 310-217-9500 Treasurer's Office 310-217-9664	No			No	
Hermosa Beach Treasurer David Cohn, Gen info 310-318-0315	No			No	Vicki Copeland Finance Director said Council passed resolution where CM and Finance Director have to approve all investment transactions, regardless of amount. Not a formal committee, but is some form of oversight.
Manhattan Beach Treasurer Tim Lillgren	No formal committee but City Treasurer, Finance Director, Controller, City Manager and Financial Analyst (Eden Serena) meet every few weeks to discuss portfolio. Have a Finance Subcommittee but this is more for larger decisions, like changes to investment policy.			No	
Agency	1. Does the City have an Investment Advisory Committee (i.e. with City Manager, Finance Director City Attorney) or an oversight committee?	2. What are the roles and responsibilities of the Investment Advisory Committee members?	3. Does City utilize the services of a consultant?	4. Any feedback and comments are appreciated.	
Palos Verdes Estates 310-378-0383	Do you have any sort of an investment advisory committee or an oversight committee when it comes to your city's investments?		No		
Torrance Treasurer Dana Cortez	Yes	Advise, review and oversight	No	I believe it would be helpful for the committee to have bylaws that provide a frame of the function of the committee.	

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GOVERNMENT CODE

SECTION 53600-53610

53600. As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

53600.5. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

53600.6. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies

that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

- (a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
- (b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- (d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- (e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- (f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee

appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as

deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities

and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher

rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

53601.1. The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

53601.2. As used in this article, "corporation" includes a limited liability company.

53601.5. The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

53601.6. (a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments

until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (1) of Section 53601.

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.

(f) Notwithstanding subdivisions (a) to (e), inclusive, no credit union may act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that nothing in this

section shall restrict competition among private sector entities that provide placement services pursuant to this section.

53602. The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

53603. The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

53604. The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

53605. From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

53606. The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds then uncanceled. While held uncanceled, the bonds may be resold.

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

53608. The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by

Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the treasurer.

53609. Notwithstanding the provisions of this chapter or any other provisions of this code, funds held by a local agency pursuant to a written agreement between the agency and employees of the agency to defer a portion of the compensation otherwise receivable by the agency's employees and pursuant to a plan for such deferral as adopted by the governing body of the agency, may be invested in the types of investments set forth in Sections 53601 and 53602 of this code, and may additionally be invested in corporate stocks, bonds, and securities, mutual funds, savings and loan accounts, credit union accounts, life insurance policies, annuities, mortgages, deeds of trust, or other security interests in real or personal property. Nothing herein shall be construed to permit any type of investment prohibited by the Constitution.

Deferred compensation funds are public pension or retirement funds for the purposes of Section 17 of Article XVI of the Constitution.

53610. (a) For purposes of this section, "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(b) Notwithstanding any other law, a local agency may purchase, with its revenue, Proposition 1A receivables sold pursuant to Section 53999.

(c) A purchaser of Proposition 1A receivables pursuant to this section shall not offer them for sale pursuant to Section 6588.

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: City Manager – Completion of Alternate Emergency Operations Center (AEOC)

RECOMMENDATION

Recommendation of the Police Chief and the City Manager that the Council Finance and Governmental Operations Committee approve funding and create a Facilities Equipment and Automation Project (FEAP) to complete the Alternate Emergency Operation Center (AEOC) located at the General Aviation Center (GAC). Project estimate \$398,900 with a 5% contingency for a total of \$418,845.00.

Funding

Funding is available in the Police Department Trust and Agency Fund (\$250,000) and the Un-appropriated Asset Forfeiture Fund (\$168,845).

BACKGROUND AND ANALYSIS

Planning activities started in 2006 and construction in 2008 for the AEOC. A FEAP (570), which is now closed, was funded at \$100,000; however, the funds did not cover all the needs of the infrastructure build-out so the CIT department utilized internal funds to support the infrastructure build-out at that time. A storage room was converted into a computer room where several equipment racks and overhead cable trays were installed. Some initial wiring for AEOC use was completed in the lounge area for phones/PCs, etc. using CIT's year-end savings. A point-to-point Wireless Local Area Network connecting the airport to City Hall via a 100MB licensed network was also installed. By about 2009, the basic communication infrastructure was established and the facility could be used as a skeleton AEOC if absolutely necessary.

In 2010, a backup data center concept was proposed based on the new communication infrastructure. The Phone and Data Equipment UPS FEAP 585 was repurposed to fund HVAC (air conditioning), electrical upgrades and computer server equipment in the AEOC computer room. UASI funding was obtained to purchase servers and equipment racks. An upgraded Internet circuit (stand-alone ISP and email) and security alarm was also installed. By 2012, most mission critical backup of City servers and data were operating in the AEOC computer room. But utilizing the AEOC as a primary EOC remained operationally optimistic, at best.

In preparation for the recent temporary EOC "relocation" to the airport, additional temporary telephone and PC cable drops were installed and some electrical services were upgraded. While the primary EOC was being utilized as the temporary Police Department Communication Dispatch room, the AEOC was temporarily designated as the primary EOC.

It has become apparent that the AEOC, if it had to function as the primary EOC, either through the result of an inability to use the primary EOC or if the AEOC becomes logistically more sound based on events, it is not adequate to fully function in the primary EOC capacity. In order to

become mission ready to provide the needed continuity of service for our residents in an emergency, the AEOC requires committed project funding other than CIT's annual year-end savings to complete the build out of the site as an alternate EOC.

The funding required is as follows:

Title	Description	Projected
Spillman Access*	Configure network to permit TPD CAD access via computers within AEOC	\$0
Alarm Access*	Assign additional ADT alarm entry codes to EPREP Team and AEOC staff; pending confirmed staff list [Completed]	\$0
LAN Switch*	Install a data network switch to temporarily expand the available PC connections in the Planning room; Planning section will occupy room; Ops will occupy prewired Lobby	\$0
Facility Access*	Confirm building key assignments and Knox Box access	\$0
HAM Antenna*	Install one (1) exterior radio antenna for the HAM operations; reuse existing conduit	\$0
New Faxes	Purchase 4 new multi-function printer/facsimile machines for permanent AEOC inventory	\$600
Wireless LAN	New WLAN access point within GAC building to support AEOC operations	\$2,000
Cable Trays	Install surface mounted cable raceways for electric and telecom cabling in future Ops/Planning rooms	\$2,000
Projector Drops	Install 4 A/V cable drops in ceiling locations to be specified by AEOC map for Ops, GIS, Planning and Mgmt	\$2,000
TV Antenna	Purchase and install a HDTV external antenna to support up to 8 TVs; over-the-air backup to wired cable TV access	\$2,000
Ring-down Circuits	Install 2 dedicated ring-down voice circuits between AEOC and TMC/LCM	\$2,000

HAM Antenna	Install 3-4 additional exterior radio antennas for the HAM operations; install replacement or additional conduit to roof	\$3,000
Satellite Phone	Install 2 external antennas and interior cradles for portable satellite phones for Ops and Mgt; existing phones will be used	\$3,600
Projectors	Purchase new ceiling mounted projectors for Ops, GIS, Planning and Mgmt	\$4,000
HAM Equipment	Purchase HAM radios, antennas, backup batteries, accessories, etc. to complete HAM office.	\$4,200
Desktop Radios	Install 3 new control station radios with external antennas; includes "headsets" to reduce room noise	\$4,500
New Telephones	Purchase 20+ new digital telephones and line card for permanent AEOC inventory	\$6,000
New Outlets	Install additional electrical outlets to support locations as specified by AEOC map	\$10,000
New Laptops	Purchase 14 new PC laptops for permanent EOC inventory – EOC Laptops to AEOC	\$28,000
New Servers	Purchase and install new TPD server farm and additional CIT servers and printers	\$75,000
Power Generator	Purchase and install a diesel generator large enough to support the entire GAC building to include air conditioning, lights, outlets, etc.	\$250,000
		\$398,900.00
Contingency		5% \$418,845.00

* Either completed or will be completed within CIT normal operating budget

The completion of the AEOC will give the City flexibility during emergencies and disasters by providing two fully functional Emergency Operations Centers in different geographic areas of the City. If the primary EOC should become disabled, then the AEOC will provide the necessary resources required in effective disaster management.

RECOMMENDATION

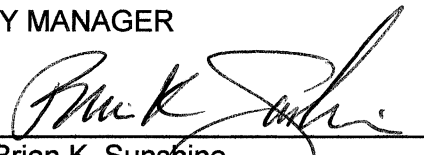
Recommendation of the Police Chief and the City Manager that the Council Finance and Governmental Operations Committee approve funding and create a Facilities Equipment and Automation Project (FEAP) to complete the Alternate Emergency Operation Center (AEOC) located at the General Aviation Center (GAC). Project estimate \$398,900 with a 5% contingency for a total of \$418,845.00.

Respectfully submitted,

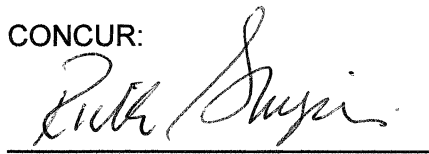
JOHN NEU
POLICE CHIEF


By: 
Lieutenant Hector Bermudez
Community Affairs Division Commander

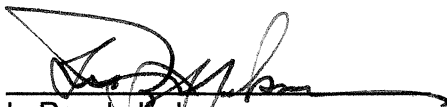
LeROY J. JACKSON
CITY MANAGER

By: 
Brian K. Sunshine
Assistant to City Manager

CONCUR:


Rick Shigaki
Information Technology Director


John Neu
Police Chief


LeRoy J. Jackson
City Manager

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall,
Torrance, California

Members of the Committee

SUBJECT: Finance - Request to appropriate Funds from the Reserve for Self-Insurance Fund

Amount: \$300,000

RECOMMENDATION

Recommendation of the Finance Director that the Finance and Governmental Operations Committee approve an appropriation of \$300,000 from the Reserve for Self-Insurance Fund

Funding

Funds are available in the Reserve for Self-Insurance Fund.

BACKGROUND AND ANALYSIS

The City self-insurers workers' compensation claims up to \$2,000,000 per occurrence. The City charges claims that are under four-years to departmental budgets, and claims over four years to the Self-Insurance Fund. Staff is anticipating a shortfall in the appropriation for FY 2012/13 for claims over four-years. Workers' compensation costs for claims under four-years are within budget.

The cost for claims over four years has increased over several years due to the cost of life-time medical care associated with these claims, such a medical expenses for medications, tests, surgeries and medical devices/aids. Many of the life-time medical care claims are for retired employees who are in their 60's, 70's, and 80's with some injuries dating back to the 1970's and 1980's. Because life expectancy is increasing and the medical field continues to make advancements in treatment, many injured workers' are having multiple procedures and surgeries.

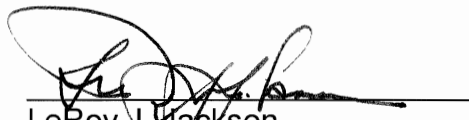
A Self-Insurance Reserve was established and is available for fluctuation in claims costs.

Respectfully Submitted

Eric E. Tsao
Finance Director

By 
Randall Sellers, Risk Manager


Eric E. Tsao
Finance Director


LeRoy J. Jackson
City Manager

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: General Services – Reallocation of personnel in the Fleet Services Division.

Expenditure: None

RECOMMENDATION

Recommendation of the General Services Director that the Finance and Governmental Operations Committee approve the following reallocation of personnel within the Fleet Division of the General Services Department:

- a) Delete 1.0 Senior Welder position
- b) Add 1.0 Senior Mechanic position

Funding

Not applicable.

BACKGROUND / ANALYSIS

The Fleet Services Division is currently budgeted for 2.0 Senior Welder positions. A recent vacancy in 1.0 Senior Welder position has presented the opportunity to reallocate the position to a Senior Mechanic. Both the Senior Welder and Senior Mechanic positions are part of Torrance Municipal Employees AFSCME Local 1117 and have identical salary ranges.

In recent years, a gradual shift in workflow within the Fleet Division has led to a reduction in welding jobs based on the following primary changes:

- All major refuse truck bed floor replacements are now sublet to body manufacturers, reducing vehicle downtime and increasing departmental savings.
- The ongoing replacement of old metal playground equipment at City parks with modern plastic equivalents has significantly reduced requests for welding repairs.
- Many City departments have transitioned to contracting fabrication services such as fencing sections, street drain grates, and a myriad of other work that was once performed by the Weld Shop.
- Continued acquisition of the latest in metal working, fabrication and welding equipment has increased the Weld Shop efficiency.

Due to these factors, the volume of welding assignments has reached a level that is within the capacity of a single Senior Welder to perform on a daily basis.

In addition, successive budget reductions over recent years have resulted in the deletion of (2) Mechanic positions from Fleet. On the critical night shifts, there are (4) Senior Mechanics and (1) Mechanic currently assigned. Of those Senior Mechanics, (2) are typically assigned to refuse truck repairs. However, the creation of the City's green waste routes and an increase in the number and age of refuse trucks has spiked maintenance levels beyond the capacity of the current positions to fulfill.

By reallocating the vacant Senior Welder position to a Senior Mechanic, much needed staffing would become available on the night shift, primarily on the busy "packer stall". This would allow for greater shop efficiency, improved turnaround time for repairs, and elimination of move-up assignments needed to provide adequate ongoing coverage.

Respectfully submitted,

SHERYL BALLEW
General Services Director

By Jasun Botiller
Jasun Botiller
Fleet Services Manager

CONCUR:

Sheryl Ballew
Sheryl Ballew
General Services Director

LeRoy J. Jackson
LeRoy J. Jackson
City Manager

Honorable Members of the Council Finance
and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: Police – Addition of one Police Officer position and appropriation of asset forfeiture funds to pay salary and benefits for one year. Expenditure: \$202,200.

RECOMMENDATION

Recommendation of the Chief of Police that Council Finance and Governmental Operations Committee authorize the addition of one Police Officer position to replace an officer assigned to the L.A. IMPACT task force, and appropriate \$202,200 of asset forfeiture funds to pay for the new officer's salary and benefits for one year.

FUNDING

Funds are available in Fund 2915, Unappropriated L.A. IMPACT Asset Forfeiture (\$177,200), and Fund 2906, Unappropriated Department of Justice Asset Forfeiture (\$25,000).

BACKGROUND

The Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT) is a compilation of numerous Federal, State and local Law Enforcement agencies in Los Angeles County whose primary focus is to investigate major crimes. The Torrance Police Department is a past member of this task force, and seeks to participate again with the assignment of a Police Officer to L.A. IMPACT.

ANALYSIS

Assigning a Police Officer to L.A. IMPACT would remove an officer from regular duty. The Police Department seeks to add one Police Officer position to replace the officer being assigned to L.A. IMPACT. Asset forfeiture funds would be used to pay for the new position. The composite rate for a Police Officer is \$202,200. Participation in L.A. IMPACT will generate approximately \$40,000 per year in asset forfeiture revenue, which will be deposited to Unappropriated L.A. IMPACT Asset Forfeiture and help offset this expenditure. This revenue would not be received if we did not participate in the task force.

Generally, the use of asset forfeiture funds to pay salaries and benefits is not permitted by the U.S. Department of Justice. An exception is made with regard to the salary and benefits of an officer hired to replace an officer assigned to a task force. This use is permitted per

the U.S. Department of Justice, Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009, pp. 19-20), which states in part:

“VIII.A.2.a. Exception: Equitable sharing funds may be used to pay the salaries and benefits of law enforcement officers in the following limited situations:


“(4) Salary of an officer hired to replace an officer assigned to a task force — When a law enforcement agency assigns a law enforcement officer to a task force for a period of at least one year or the life of the task force and hires a new law enforcement officer to replace the officer so assigned, the agency may pay the salary and benefits of the replacement officer from equitably shared funds so long as the replacement officer does not engage in the seizure of assets or narcotics law enforcement as a principal duty.

“When a law enforcement agency has assigned an officer and paid for the replacement as specified above, and it becomes necessary to return the officer from the task force, the law enforcement agency may continue to use forfeited funds to pay for the salary and benefits of the replacement officer for a period not to exceed six months.”


The Police Department will periodically assess its participation in the L.A. IMPACT task force. If the operation is effective, the Department may extend the task force officer's assignment for another year. In that event, the Department will return to Council to request an additional appropriation of funds to pay the replacement officer's salary and benefits for a second year. When the task force assignment ends, a Police Officer position will be eliminated through normal attrition.

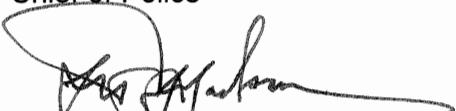
Respectfully submitted,

JOHN J. NEU
Chief of Police

FOR By:  (ERIC WILLIAMS) *16452
Lieutenant Martin Vukotic
Special Investigations Division Commander

CONCUR:


John J. Neu
Chief of Police


LeRoy J. Jackson
City Manager

Honorable Members of the Council Finance
and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: Police – Appropriate and allocate asset forfeiture funds for the purchase of a Bearcat armored vehicle. Expenditure: \$150,000.

RECOMMENDATION

Recommendation of the Police Chief that the Council Finance and Governmental Operations Committee appropriate \$150,000 of asset forfeiture funds for the purchase a refurbished armored vehicle.

Funding

Funding is available in the U.S. Department of Justice Unappropriated Asset Forfeiture account (Fund 2906).

BACKGROUND

The Police Department has been without an armored rescue vehicle since April 2006. Currently, officers must respond to high risk events in vehicles without ballistic protection, risking officer safety. Armored rescue vehicles enable the safe transport of tactical officers to and from high-risk situations for protection and recovery operations. Armored rescue vehicles are capable of rescuing victims as well as providing a platform for armed officers to engage and eliminate threats to rescuers and citizens. By providing existing tactical response teams with hardened rescue vehicles, we enhance their capabilities to safely respond to nearly any situation they encounter.

ANALYSIS


Since September 11, 2001, Homeland Security grants were used by many agencies to acquire armored rescue vehicles. Those vehicles were intended for regional use. In recent years, federal grant funds have been reduced and cities whose own budgets have been cut are now faced with maintaining these armored vehicles with declining resources. Additionally, on at least 11 occasions when the Torrance Police Department requested the use of a regional armored rescue vehicle, no vehicle was available.

The Torrance Police Department now sees an opportunity to acquire a refurbished armored rescue vehicle for a fraction of the cost when new. Staff previously identified the Lenco Bearcat as a suitable vehicle, which sells new for approximately \$250,000.


The cost to acquire a refurbished Bearcat is approximately \$125,000 to \$150,000. Asset forfeiture would be an appropriate funding source for this vehicle purchase. Police and Fleet staff will work together to locate and evaluate a refurbished Bearcat that will meet the Department's needs.


Respectfully submitted,

JOHN J. NEU
CHIEF OF POLICE


By Mark A. Matsuda
Deputy Chief of Police

CONCUR:


John J. Neu
Chief of Police


LeRoy J. Jackson
City Manager

Honorable Members of the Council Finance
and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: Police – Increase the Miscellaneous Projects account limit and appropriate and allocate asset forfeiture funds to the Miscellaneous Projects account. Expenditure: \$55,339.41.

RECOMMENDATION

Recommendation of the Police Chief that the Council Finance and Governmental Operations Committee:

1. Increase the asset forfeiture Miscellaneous Projects account limit from \$40,000 to \$75,000; and
2. Appropriate and allocate \$55,339.41 of asset forfeiture funds to the Miscellaneous Projects account (FEAP 383) to replenish the account.

Funding

Funding is available in the U.S. Department of Justice Unappropriated Asset Forfeiture account (Fund 2906).

BACKGROUND

Since 2003, the Police Department has maintained an account with appropriated asset forfeiture funds for miscellaneous expenditures. When the funds are depleted, staff returns to Council to appropriate funds for account replenishment.

ANALYSIS

Over the past few years, the Department has used the Miscellaneous Projects account (FEAP 383) more heavily due to capital budget constraints and limited availability of operational funds for non-routine expenditures. Consequently, staff has returned to Council with increasing frequency for account replenishment. When Council initially approved the establishment of this account, it was intended to alleviate the need to come before Council for routine and minor purchases.

The available balance of Asset Forfeiture Miscellaneous Projects is \$19,660.59. In order to keep to the account's intent, staff is requesting the Miscellaneous Projects account limit be increased to \$75,000. Staff is also requesting \$55,339.41 of asset forfeiture funds be appropriated to the account for replenishment.

After the requested appropriation, the Department of Justice Unappropriated Asset Forfeiture account will have a balance of \$930,672.23 and the Miscellaneous Projects account will have an available balance of \$75,000.

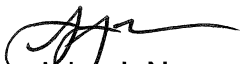
Respectfully submitted,

JOHN J. NEU
CHIEF OF POLICE


A handwritten signature in black ink, appearing to read 'Laurie Anderson', with a long horizontal flourish extending to the right.

By Laurie Anderson
Business Manager

CONCUR:

A handwritten signature in black ink, appearing to read 'John J. Neu', with a long horizontal flourish extending to the right.

John J. Neu
Chief of Police

A handwritten signature in black ink, appearing to read 'LeRoy J. Jackson', with a long horizontal flourish extending to the right.

LeRoy J. Jackson
City Manager

MATERIAL AVAILABLE MONDAY

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